



CITY OF FRISCO, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED

September 30, 2001

On the cover:

Named the Steel Wheel Museum, this caboose came to Frisco from the St. Louis, San Francisco Railroad in 1976, in celebration of the United States Bicentennial. The Frisco railroad has an important history for the City of Frisco. First shown at Main Street and First Street on railroad property, the caboose is now proudly displayed at the City's Bicentennial Park.

CITY OF FRISCO, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001

Prepared by:
Administrative Services

CITY OF FRISCO
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2001

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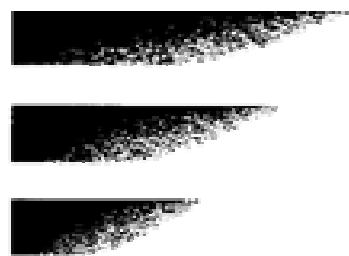
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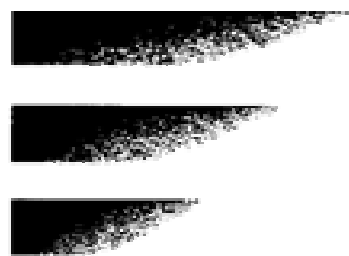
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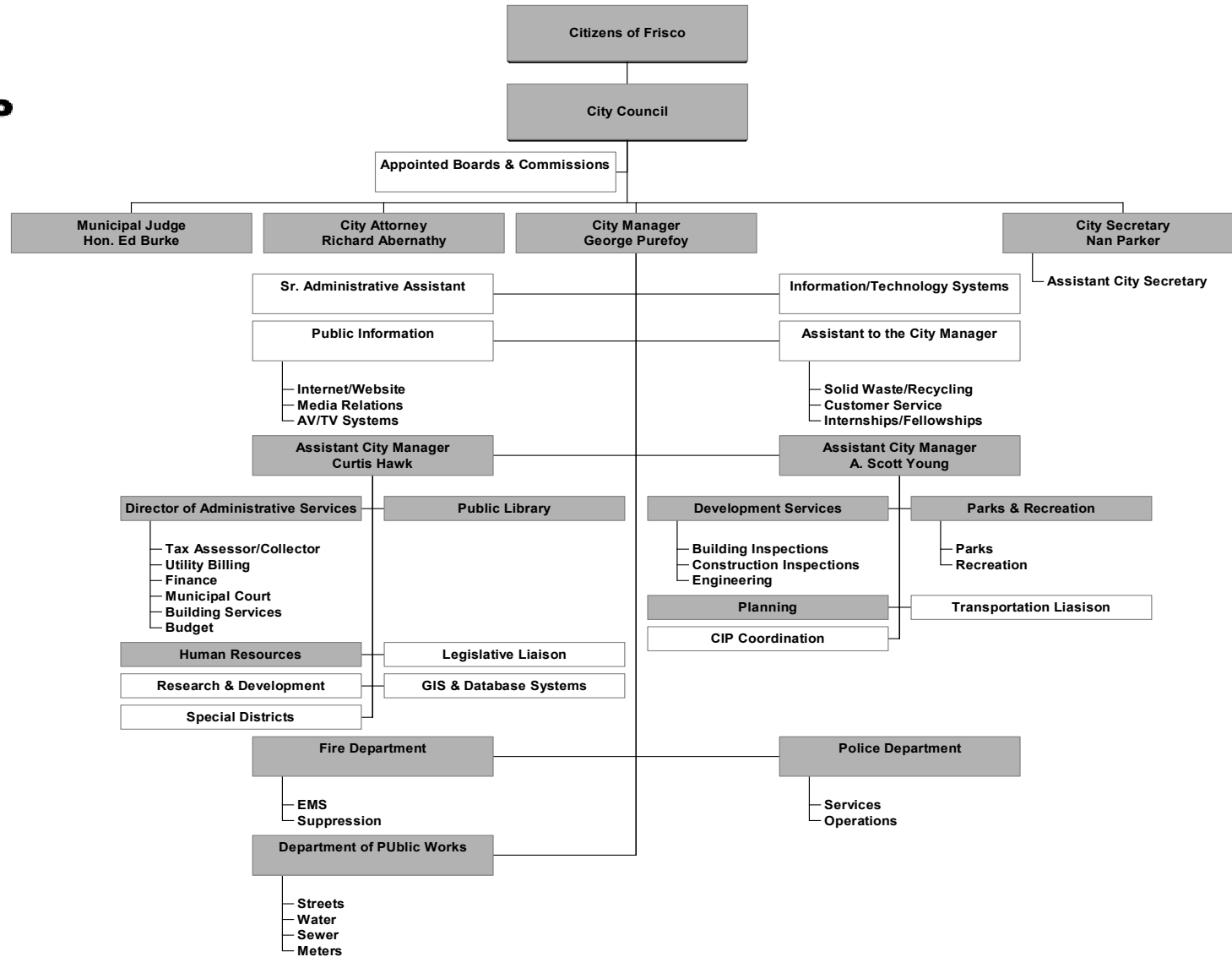


FRISCO

INTRODUCTORY SECTION



FRISCO

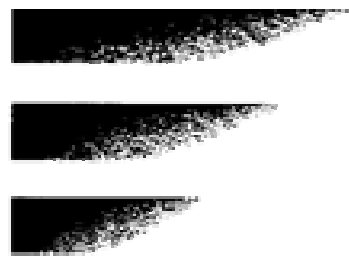


CITY OF FRISCO

Principal Officials

September 30, 2001

<u>Title</u>	<u>Name</u>
Mayor	Kathy Seei
Deputy Mayor Pro-tem, Place 5	Tracie Reveal
Mayor Pro-tem, Place 2	Michael Osuna
Council Member, Place 1	Steve Nichols
Council Member, Place 3	Joy West
Council Member, Place 4	Maher Maso
Council Member, Place 6	Mike Simpson
City Manager	George Purefoy
City Attorney	Richard Abernathy
City Secretary	Nan Parker
Assistant to the City Manager	Jason Gray
Assistant City Manager	A. Scott Young
Assistant City Manager	Curtis Hawk
Administrative Services Director	Nell Lange
City Engineer	Frank Jaromin
Development Services Director	Perry Harts
Economic Development Corporation	
Executive Director	James Gandy
Fire Chief	Mack Borchardt
Human Resource Director	Lauren Safranek
Library Director	Judy McCoy
Parks and Recreation Director	Rick Wieland
Planning Director	John Lettelleir
Police Chief	Todd Renshaw
Public Works Director	Gary Hartwell
Public Information Officer	Dana Baird



FRISCO

FINANCIAL SECTION

GENERAL PURPOSE FINANCIAL STATEMENTS

CITY OF FRISCO
Combined Balance Sheet
All Fund Types, Account Groups and Discretely Presented Component Units
September 30, 2001

	Governmental Fund Types				Proprietary Fund Types
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Enterprise Funds</u>
ASSETS and OTHER DEBITS					
Assets:					
Cash and cash equivalents	\$ 14,089,225	\$ 4,501,439	\$ 340,822	\$ 16,418,705	\$ 12,893,449
Receivables (net of allowances for uncollectibles):					
Property tax	99,363	1,833	31,008		
Sales tax	1,399,903				
Occupancy tax		61,532			
Utility bills					2,900,910
Bond proceeds				25,934,200	
Grants	302,117				32,408
Other	75,355	21,040		28,696	
Due from other governments				674,110	
Due from other funds	8,163,873		28,696		1,770,289
Due from primary government					
Due from component unit				22,270	
Inventory					168,032
Prepaid assets	129,355				
Restricted assets:					
Cash and cash equivalents					2,151,207
Note receivable					
Deferred charges					127,384
Property, plant and equipment:					
Land					4,889,478
Vehicles, machinery & equipment					1,995,958
Buildings & improvements					3,124,538
Improvements other than bldgs.					28,965,869
Construction-in-progress					10,279,914
Less: accumulated depreciation					(7,273,132)
Other debits:					
Amount available in debt service fund					
Amount to be provided for retirement of general long-term debt & other obligations					
Total assets and other debits	<u>\$ 24,259,191</u>	<u>\$ 4,585,844</u>	<u>\$ 400,526</u>	<u>\$ 43,077,981</u>	<u>\$ 62,026,304</u>

The notes to the financial statements are an integral part of this statement.

Account Groups		Totals	Component Units		Totals
General	General	Primary	Economic	Community	Reporting
Fixed	Long-term	Government	Development	Development	Entity
<u>Assets</u>	<u>Debt</u>	(Memorandum	<u>Corporation</u>	<u>Corporation</u>	(Memorandum
		<u>Only)</u>			<u>Only)</u>
\$ -	\$ -	\$ 48,243,640	\$ 7,887,531	\$ 6,691,265	\$ 62,822,436
		132,204			132,204
		1,399,903			1,399,903
		61,532			61,532
		2,900,910			2,900,910
		25,934,200			25,934,200
		334,525			334,525
		125,091			125,091
		674,110			674,110
		9,962,858			9,962,858
		0	360,212	349,976	710,188
		22,270			22,270
		168,032			168,032
		129,355			129,355
		2,151,207	247,244		2,398,451
			62,162		62,162
		127,384	10,062		137,446
15,849,396		20,738,874	8,430,724	3,174,758	32,344,356
10,535,089		12,531,047	5,731		12,536,778
5,577,896		8,702,434			8,702,434
23,633,939		52,599,808		4,410,383	57,010,191
10,024,551		20,304,465		2,033,389	22,337,854
		(7,273,132)			(7,273,132)
	158,329	158,329			158,329
	<u>69,723,791</u>	<u>69,723,791</u>	<u>18,870,798</u>	<u>21,617,347</u>	<u>110,211,936</u>
<u>\$ 65,620,871</u>	<u>\$ 69,882,120</u>	<u>\$ 269,852,837</u>	<u>\$ 35,874,464</u>	<u>\$ 38,277,118</u>	<u>\$ 344,004,419</u>

(Continued)

CITY OF FRISCO
Combined Balance Sheet
All Fund Types, Account Groups and Discretely Presented Component Units
September 30, 2001

	Governmental Fund Types				Proprietary Fund Types
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Enterprise Funds</u>
LIABILITIES, EQUITY and OTHER CREDITS					
Liabilities:					
Accounts payable	\$ 3,392,914	\$ 801	\$ 19	\$ 1,610,495	\$ 675,010
Retainage payable				649,729	
Accrued liabilities	265,543		28,696		112,091
Compensated absences payable					178,118
Payable from restricted assets:					
Note payable - current					3,456
Certificates of obligation payable-current					884,100
Deposits					1,263,651
Deferred revenue	310,301	22,873	31,008	2,697,930	
Monies held in escrow	104,415			451,619	
Due to other funds	1,710,522	70,689	182,474	7,998,371	802
Due to component units	710,188				
Due to primary government					
Notes payable					60,523
General obligation bonds payable					
Certificates of obligation payable					20,535,700
Revenue bonds payable					
Grant payable	-	-	-	-	-
Total liabilities	<u>6,493,883</u>	<u>94,363</u>	<u>242,197</u>	<u>13,408,144</u>	<u>23,713,451</u>
Equity and other credits:					
Contributed capital					11,080,777
Investments in general fixed assets					
Retained earnings:					
Unreserved					27,232,076
Fund balances:					
Reserved for encumbrances				737,023	
Reserved for prepaids	129,355				
Reserved for debt service			158,329		
Designated for future construction		3,452,574		28,932,814	
Unreserved, undesignated	<u>17,635,953</u>	<u>1,038,907</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total equity and other credits	<u>17,765,308</u>	<u>4,491,481</u>	<u>158,329</u>	<u>29,669,837</u>	<u>38,312,853</u>
Total liabilities, equity and other credits	<u>\$ 24,259,191</u>	<u>\$ 4,585,844</u>	<u>\$ 400,526</u>	<u>\$ 43,077,981</u>	<u>\$ 62,026,304</u>

The notes to the financial statements are an integral part of this statement.

Account Groups		Totals Primary Government (Memorandum Only)	Component Units		Totals Reporting Entity (Memorandum Only)
General Fixed Assets	General Long-Term Debt		Economic Development Corporation	Community Development Corporation	
\$ -	\$ -	\$ 5,679,239	\$ 44,501	\$ 465,013	\$ 6,188,753
		649,729			649,729
	276,347	682,677	5,283	42,278	730,238
	1,883,295	2,061,413	51,754		2,113,167
		3,456			3,456
		884,100			884,100
		1,263,651			1,263,651
		3,062,112			3,062,112
		556,034			556,034
		9,962,858			9,962,858
		710,188			710,188
			22,270		22,270
		60,523	6,694,805		6,755,328
	48,520,200	48,520,200			48,520,200
	8,540,000	29,075,700	5,000,000	16,365,000	50,440,700
			1,940,000		1,940,000
-	10,662,278	10,662,278	5,246,401	5,252,347	21,161,026
-	69,882,120	113,834,158	19,005,014	22,124,638	154,963,810
		11,080,777			11,080,777
65,620,871		65,620,871	8,436,455	9,618,530	83,675,856
		27,232,076			27,232,076
		737,023			737,023
		129,355			129,355
		158,329			158,329
		32,385,388			32,385,388
-	-	18,674,860	8,432,995	6,533,950	33,641,805
65,620,871	-	156,018,679	16,869,450	16,152,480	189,040,609
<u>\$ 65,620,871</u>	<u>\$ 69,882,120</u>	<u>\$ 269,852,837</u>	<u>\$ 35,874,464</u>	<u>\$ 38,277,118</u>	<u>\$ 344,004,419</u>

CITY OF FRISCO
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Fund Types and Discretely Presented Component Units
For the Fiscal Year Ended September 30, 2001

	Governmental Fund Types			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Revenues:				
Taxes:				
Property	\$ 8,986,005	\$ 734,619	\$ 2,456,794	\$ -
Sales	8,413,550	-	-	-
Franchise	2,287,545	-	-	-
Other	177,911	739,919	-	-
Public safety	1,599,585	-	-	-
Impact fees	-	-	-	1,786,300
Building inspection	5,287,620	-	-	-
Planning and zoning	350,961	-	-	-
Culture and recreation	221,869	-	-	-
Interest	663,624	107,323	37,050	759,940
Intergovernmental	-	3,257,308	-	2,008,737
Contributions	-	-	-	1,134,345
Miscellaneous	54,092	-	-	113,994
Total revenues	<u>28,042,762</u>	<u>4,839,169</u>	<u>2,493,844</u>	<u>5,803,316</u>
Expenditures:				
Current:				
General government	4,606,110	1,017,370	-	-
Public safety	8,290,177	-	-	-
Public works	2,011,215	-	-	-
Culture and recreation	1,955,253	-	-	-
Capital outlay	869,620	-	-	16,709,138
Debt service:				
Principal retirement	545,293	-	1,612,600	-
Interest and fiscal charges	660,582	-	1,696,254	114,000
Total expenditures	<u>18,938,250</u>	<u>1,017,370</u>	<u>3,308,854</u>	<u>16,823,138</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,104,512</u>	<u>3,821,799</u>	<u>(815,010)</u>	<u>(11,019,822)</u>
Other financing sources (uses):				
Operating transfers in	-	17,872	714,720	3,427,666
Operating transfers out	(2,074,546)	(714,720)	-	(1,370,992)
Operating transfers in - component unit	-	-	-	660,145
Operating transfers out - component unit	-	-	-	(971,948)
Operating transfers in - primary government	-	-	-	-
Operating transfers out - primary government	-	-	-	-
Sale of assets	8,923	-	-	-
Bond proceeds	-	-	-	26,048,200
Total other financing sources (uses)	<u>(2,065,623)</u>	<u>(696,848)</u>	<u>714,720</u>	<u>27,793,071</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	7,038,889	3,124,951	(100,290)	16,773,249
Fund balances, October 1	<u>10,726,419</u>	<u>1,366,530</u>	<u>258,619</u>	<u>12,896,588</u>
Fund balances, September 30	<u>\$ 17,765,308</u>	<u>\$ 4,491,481</u>	<u>\$ 158,329</u>	<u>\$ 29,669,837</u>

The notes to the financial statements are an integral part of this statement.

Totals Primary Government (Memorandum Only)	Component Units		Totals Reporting Entity (Memorandum Only)
	Economic Development Corporation	Community Development Corporation	
\$ 12,177,418	\$ -	\$ -	\$ 12,177,418
8,413,550	4,206,777	4,206,777	16,827,104
2,287,545	-	-	2,287,545
917,830	-	-	917,830
1,599,585	-	-	1,599,585
1,786,300	-	-	1,786,300
5,287,620	-	-	5,287,620
350,961	-	-	350,961
221,869	-	-	221,869
1,567,937	372,062	190,896	2,130,895
5,266,045	-	-	5,266,045
1,134,345	939,374	-	2,073,719
168,086	400	56,500	224,986
<u>41,179,091</u>	<u>5,518,613</u>	<u>4,454,173</u>	<u>51,151,877</u>
5,623,480	1,376,221	306,300	7,306,001
8,290,177	-	-	8,290,177
2,011,215	-	-	2,011,215
1,955,253	-	-	1,955,253
17,578,758	5,731	6,657,412	24,241,901
2,157,893	618,112	562,653	3,338,658
2,470,836	1,322,106	750,212	4,543,154
<u>40,087,612</u>	<u>3,322,170</u>	<u>8,276,577</u>	<u>51,686,359</u>
<u>1,091,479</u>	<u>2,196,443</u>	<u>(3,822,404)</u>	<u>(534,482)</u>
4,160,258	-	-	4,160,258
(4,160,258)	-	-	(4,160,258)
660,145	-	-	660,145
(971,948)	-	-	(971,948)
-	-	971,948	971,948
-	(660,145)	-	(660,145)
8,923	167,357	-	176,280
26,048,200	5,000,000	7,800,000	38,848,200
<u>25,745,320</u>	<u>4,507,212</u>	<u>8,771,948</u>	<u>39,024,480</u>
26,836,799	6,703,655	4,949,544	38,489,998
25,248,156	1,729,340	1,584,406	28,561,902
<u>\$ 52,084,955</u>	<u>\$ 8,432,995</u>	<u>\$ 6,533,950</u>	<u>\$ 67,051,900</u>

CITY OF FRISCO

Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - General Fund, Debt Service Fund and Capital Projects Fund For the Fiscal Year Ended September 30, 2001

	General Fund		
	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Revenues:			
Taxes:			
Property	\$ 8,976,219	\$ 8,986,005	\$ 9,786
Sales	8,339,984	8,413,550	73,566
Franchise	2,287,500	2,287,545	45
Other	123,504	177,911	54,407
Public safety	1,507,587	1,599,585	91,998
Impact fees	-	-	-
Building inspection	5,118,000	5,287,620	169,620
Planning and zoning	325,000	350,961	25,961
Culture and recreation	308,594	221,869	(86,725)
Interest	643,972	663,624	19,652
Intergovernmental	462,678	-	(462,678)
Contributions	-	-	-
Miscellaneous	19,841	54,092	34,251
Total revenues	<u>28,112,879</u>	<u>28,042,762</u>	<u>(70,117)</u>
Expenditures:			
Current:			
General government	5,328,306	4,606,110	722,196
Public safety	7,707,931	8,290,177	(582,246)
Public works	2,049,748	2,011,215	38,533
Culture and recreation	1,928,295	1,955,253	(26,958)
Capital outlay	869,620	869,620	-
Debt service:			
Principal retirement	617,571	545,293	72,278
Interest and fiscal charges	757,897	660,582	97,315
Total expenditures	<u>19,259,368</u>	<u>18,938,250</u>	<u>321,118</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,853,511</u>	<u>9,104,512</u>	<u>251,001</u>
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	(1,997,485)	(2,074,546)	(77,061)
Operating transfers in - component unit	-	-	-
Operating transfers out - component unit	-	-	-
Sale of assets	-	8,923	8,923
Bond proceeds	-	-	-
Total other financing sources (uses)	<u>(1,997,485)</u>	<u>(2,065,623)</u>	<u>(68,138)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	6,856,026	7,038,889	182,863
Fund balances, October 1	<u>10,726,419</u>	<u>10,726,419</u>	<u>-</u>
Fund balances, September 30	<u>\$ 17,582,445</u>	<u>\$ 17,765,308</u>	<u>\$ 182,863</u>

The notes to the financial statements are an integral part of this statement.

Debt Service Fund			Capital Project Fund		
<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
\$ 2,456,649	\$ 2,456,794	\$ 145	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,600,000	1,786,300	186,300
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
35,127	37,050	1,923	1,100,000	759,940	(340,060)
-	-	-	2,008,737	2,008,737	-
-	-	-	2,978,836	1,134,345	(1,844,491)
-	-	-	75,000	113,994	38,994
<u>2,491,776</u>	<u>2,493,844</u>	<u>2,068</u>	<u>7,762,573</u>	<u>5,803,316</u>	<u>(1,959,257)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	25,699,329	16,709,138	8,990,191
2,310,000	1,612,600	697,400	-	-	-
<u>3,293,548</u>	<u>1,696,254</u>	<u>1,597,294</u>	<u>-</u>	<u>114,000</u>	<u>(114,000)</u>
<u>5,603,548</u>	<u>3,308,854</u>	<u>2,294,694</u>	<u>25,699,329</u>	<u>16,823,138</u>	<u>8,876,191</u>
<u>(3,111,772)</u>	<u>(815,010)</u>	<u>2,296,762</u>	<u>(17,936,756)</u>	<u>(11,019,822)</u>	<u>6,916,934</u>
3,159,965	714,720	(2,445,245)	5,120,957	3,427,666	(1,693,291)
-	-	-	(1,848,472)	(1,370,992)	477,480
-	-	-	-	660,145	660,145
-	-	-	-	(971,948)	(971,948)
-	-	-	-	-	-
-	-	-	15,000,000	26,048,200	11,048,200
<u>3,159,965</u>	<u>714,720</u>	<u>(2,445,245)</u>	<u>18,272,485</u>	<u>27,793,071</u>	<u>9,520,586</u>
48,193	(100,290)	(148,483)	335,729	16,773,249	16,437,520
<u>258,619</u>	<u>258,619</u>	<u>-</u>	<u>12,896,588</u>	<u>12,896,588</u>	<u>-</u>
<u>\$ 306,812</u>	<u>\$ 158,329</u>	<u>\$ (148,483)</u>	<u>\$ 13,232,317</u>	<u>\$ 29,669,837</u>	<u>\$ 16,437,520</u>

CITY OF FRISCO
 Combined Statement of Revenues, Expenses and
 Changes in Retained Earnings
 All Proprietary Fund Types
 For the Fiscal Year Ended September 30, 2001

	<u>Enterprise Funds</u>
Operating revenues:	
Water sales	\$ 10,115,640
Sewer charges	3,362,960
Service charges	160,412
Sanitation charges	2,714,619
Water and sewer connections	376,940
Inspection fees	1,439,932
Sponsorships and cycling	53,818
Miscellaneous	<u>72,257</u>
Total operating revenues	<u>18,296,578</u>
Operating expenses:	
Cost of sales and services	8,102,585
Administration	4,285,271
Depreciation	1,062,814
Amortization	<u>8,233</u>
Total operating expenses	<u>13,458,903</u>
Operating income	<u>4,837,675</u>
Nonoperating revenues (expenses):	
Interest revenue	811,242
Other revenues	32,408
Interest expense	<u>(858,322)</u>
Total nonoperating revenues (expenses)	<u>(14,672)</u>
Net income	4,823,003
Retained earnings, October 1	<u>22,409,073</u>
Retained earnings, September 30	<u>\$ 27,232,076</u>

The notes to the financial statements are an integral part of this statement.

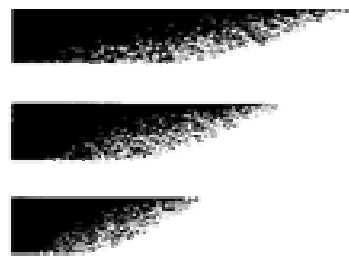
CITY OF FRISCO
Combined Statement of Cash Flows
All Proprietary Fund Types
For the Fiscal Year Ended September 30, 2001

**Enterprise
Funds**

Cash flows from operating activities:

Operating income	\$ 4,837,675
Adjustments to reconcile operating income to net cash provided by operating activities:	
Amortization expense	8,233
Depreciation expense	1,062,814
Increase in accounts receivable - utilities	(395,584)
Increase in accounts receivable - other	(32,408)
Increase in meter inventory	(168,032)
Net increase in customer deposits	299,898
Increase/(decrease) in accounts payable	631,706
Increase/(decrease) in accrued liabilities	65,861
Increase in compensated absences payable	15,832
Net cash provided by operating activities	<u>6,325,995</u>
Cash flow from noncapital financing activities:	
Proceeds of interfund borrowing/(loans)	(1,495,717)
Proceeds from other sources	<u>32,408</u>
Net cash provided by (used for) noncapital financing activities	<u>(1,463,309)</u>
Cash flow from capital and related financing activities:	
Proceeds from issuance of bonds	15,000,000
Bond issuance costs	(81,168)
Principal paid on bonds and notes	(480,718)
Capital expenditures (including capitalized interest)	(10,451,429)
Interest paid on bonds and notes	<u>(858,322)</u>
Net cash provided by capital and related financing activities	<u>3,128,363</u>
Cash flows from investing activities:	
Interest on deposits and investments	<u>811,242</u>
Net cash provided by investing activities	<u>811,242</u>
Net increase in cash and cash equivalents	8,802,291
Cash and cash equivalents, October 1	<u>6,242,365</u>
Cash and cash equivalents, September 30	<u>\$ 15,044,656</u>

The notes to the financial statements are an integral part of this statement.



FRISCO

CITY OF FRISCO
Notes to the Combined Financial Statements
September 30, 2001

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Frisco, Texas have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City is a municipal corporation governed by an elected mayor and six-member council. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Frisco, Texas (the primary government) and its component units. Component units are legally separate entities that satisfy certain GASB criteria for inclusion in the City's financial statements and their relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete.

The component units discussed below are included in the City's reporting entity because the City Council exercises financial accountability over the component units. The Council does this by appointing the component units' governing bodies, and gives final approval to the unit's operating budgets. Each discretely presented component unit is reported in a separate column in the combined financial statements to emphasize it is legally separate from the City. Each discretely presented component unit has a September 30 year end.

The Frisco Economic Development Corporation (FEDC) serves all citizens of the City. The FEDC benefits the City and its citizens by developing economic resources and is operated primarily within the geographic boundaries of the City. The FEDC is presented as a governmental fund type.

The Frisco Community Development Corporation (FCDC) serves all citizens of the City. The FCDC benefits the City and its citizens by developing recreational resources and is operated primarily within the geographic boundaries of the City. The FCDC is presented as a governmental fund type.

The FEDC and FCDC do not prepare separate financial statements; however, the presentations in the general purpose financial statements are a complete presentation.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the government are organized on the basis of funds or account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

CITY OF FRISCO
Notes to the Combined Financial Statements
September 30, 2001

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (continued)

The government has the following fund types and account groups:

Governmental funds are used to account for the government's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgements which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, franchise taxes, hotel/motel taxes, municipal court fines/fees, licenses, interest and special assessments are susceptible to accrual. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Governmental funds include the following fund types:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *special revenue funds* account for revenue sources that are legally restricted to expenditure for special purposes.

The *debt service fund* accounts for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds.

The *capital projects funds* account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The government applies all applicable FASB pronouncements issued before November 30, 1989, in accounting and reporting for its proprietary operations. Proprietary funds include the following fund type:

CITY OF FRISCO
Notes to the Combined Financial Statements
September 30, 2001

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (continued)

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Account groups. The general fixed assets account group is used to account for fixed assets not accounted for in proprietary or trust funds. The general long-term debt account group is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

C. Deposits and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity date within three months of the date acquired by the government. Other short-term investments are included in investments. Because the government at its option can withdraw funds within a twenty-four hour period, deposits with the Texas Local Government Investment Pool (TexPool) are considered to be cash equivalents.

Investments are recorded at cost and adjusted to fair value at year-end. The fair value of the local government investment pool is the same as the fair value of the pool shares. All investments have maturities less than one year, therefore they are carried at amortized cost.

D. Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables." Short-term interfund loans to and from the primary government and from and to the component unit are reflected as "due from/due to primary government" and "due from/due to component unit".

E. Prepaid Items

Prepaid balances are for payments made by the City for which benefits extend beyond September 30, 2001, and the reserve for prepaid items has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

F. Inventory

Inventory of supplies consists primarily of supplies, valued at cost, which approximates market. Cost is determined using a weighted average method. The cost of inventories is recorded as expenditures/expenses when consumed rather than when purchased.

G. Restricted Assets

Certain resources set aside for the repayment of bonds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

CITY OF FRISCO
Notes to the Combined Financial Statements
September 30, 2001

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are capitalized.

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings and equipment in the proprietary fund types is computed using the straightline method.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

I. Compensated Absences

The City allows employees to accumulate earned but unused vacation benefits. Amounts not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights. Upon termination, the City pays to employees with over one year of service, up to a maximum of 240 hours of sick leave. Sick leave in excess of the 240 hour maximum is not paid upon termination and will be paid only upon illness while in the employment of the City.

J. Long-term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

CITY OF FRISCO
Notes to the Combined Financial Statements
September 30, 2001

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Fund Equity

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, other governments, or other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

L. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

M. Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

N. Comparative Data

Comparative total data for the prior year have been presented in the accompanying comparative financial statements in order to provide an understanding of changes in the government's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand. Certain comparative data have been reclassified to present such amounts in a manner consistent with the current year's presentation.

O. New Accounting Standards Adopted

In fiscal year 2001, the City adopted Statement No. 33 *Accounting and Financial Reporting for Nonexchange Transactions* issued by the Governmental Accounting Standards Board (GASB). Statement No. 33 prescribes standards for recording nonexchange transactions on the modified accrual and accrual basis of accounting. Hotel/motel taxes which have been earned have been accrued for in the special revenue fund. These amounts represent revenues from nonexchange transactions during the fiscal year which are not available to finance expenditures of the current period.

CITY OF FRISCO
Notes to the Combined Financial Statements
September 30, 2001

NOTE 2. LEGAL COMPLIANCE - BUDGETS

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are legally adopted for the general fund, debt service fund, capital projects funds, and enterprise funds. No budgets were adopted for special revenue funds. The legal level of authority is at the fund level. All annual appropriations lapse at fiscal year end. Project length financial plans are adopted for certain capital projects funds.

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to September 30, the budget is legally enacted through the passage of an ordinance.
4. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
5. Formal budgetary integration, using the modified accrual basis, is employed as a management control device during the year for the General Fund, Debt Service Fund and Capital Projects Funds. No supplemental appropriations were made during the fiscal year.
6. The budget approved for the discretely presented component units follow similar approval procedures.
7. The budget approved for the Water and Sewer Fund and Superdome Fund follows similar approval procedures but departs from general accepted accounting principles by not including depreciation in the approved budget.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting--under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation--is utilized in the governmental fund types. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

NOTE 3. DEPOSITS AND INVESTMENTS

The City of Frisco has an adopted investment policy pursuant to Chapter 2256 of the Texas Government Code, which authorized the City's investment in U.S. Government obligations and its agencies, obligations of Texas and its agencies, fully collateralized repurchase agreements, prime domestic commercial paper, prime domestic bankers' acceptances, government pools and money market funds. The City selects its investments based on safety, liquidity, yield and public trust.

CITY OF FRISCO
Notes to the Combined Financial Statements
September 30, 2001

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

The EDC and CDC invest in obligations of the U.S. Treasury or the State of Texas, certain U.S. Agencies, certificates of deposit, money market savings accounts, certain municipal securities, repurchase agreements, common trust funds and other investments specifically allowed by the Public Funds Investment Act (Chapter 2256 Texas Government Code).

At September 30, 2001, the bank balance of the government's deposits was \$1,219,730. Of the bank balance, \$100,000 was covered by federal depository insurance and \$1,119,730 was covered by collateral held by the pledging financial institution's trust department or agent in the government's name.

At September 30, 2001, the bank balance of the EDC, a discretely presented component unit, was \$338,038. Of the bank balance all was covered by collateral held by the pledging financial institution's trust department or agent in the EDC's name.

At September 30, 2001, the bank balance of the CDC, a discretely presented component unit, was \$289,909. Of the bank balance all was covered by collateral held by the pledging financial institutions trust department or agent in the CDC's name.

Investments are categorized into three categories of credit risk:

- (1) Insured or registered, or securities held by the government or its agent in the government's name.
- (2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name.
- (3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the government's name.

At year end, the government's investment balances were as follows:

	<u>Category</u>			<u>Carrying</u>	<u>Fair</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Amount</u>	<u>Value</u>
Investments not subject to categorization:					
Texas local government investment pool (TexPool)				\$ 49,737,859	\$ 49,737,859

At year end, the EDC's investment balances were as follows:

	<u>Category</u>			<u>Carrying</u>	<u>Fair</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Amount</u>	<u>Value</u>
Investments not subject to categorization:					
Texas local government investment pool (TexPool)				\$ 7,887,531	\$ 7,887,531

At year end, the CDC's investment balances were as follows:

	<u>Category</u>			<u>Carrying</u>	<u>Fair</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Amount</u>	<u>Value</u>
Investments not subject to categorization:					
Texas local government investment pool (TexPool)				\$ 6,691,265	\$ 6,691,265

CITY OF FRISCO
Notes to the Combined Financial Statements
September 30, 2001

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

The State Comptroller of Public Accounts exercises oversight responsibility over TexPool, the Texas Local Government Investment Pool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board Members review the investment policy and management fee structure. Finally, TexPool is rated AAAm by Standard & Poors. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poors, as well as the office of the Comptroller of Public Accounts for review.

TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

A reconciliation of cash and investments as shown on the Combined Balance Sheet for the primary government follows:

Cash on hand	\$ 2,300
Carrying amount of deposits	-
Carrying amount of investments	<u>49,737,859</u>
Total	<u>\$ 49,740,159</u>
Cash and cash equivalents	\$ 47,588,952
Cash cash equivalents - restricted	<u>2,151,207</u>
Total	<u>\$ 49,740,159</u>

A reconciliation of cash and investments as shown on the Combined Balance Sheet for the discretely presented component units follows:

	EDC	CDC
Carrying amount of deposits	\$ -	\$ -
Carrying amount of investments	<u>7,887,531</u>	<u>6,691,265</u>
Total	7,887,531	6,691,265
Cash and cash equivalents	<u>7,887,531</u>	<u>6,691,265</u>
Total	<u>\$ 7,887,531</u>	<u>\$ 6,691,265</u>

NOTE 4. RECEIVABLES

Receivables at September 30, 2001 consist of the following:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Total</u>
Property tax	\$ 99,363	\$ 1,833	\$ 31,008	\$ -	\$ -	\$ 132,204
Sales tax	1,399,903	-	-	-	-	1,399,903
Occupancy tax	-	61,532	-	-	-	61,532
Utility bills	-	-	-	-	3,001,392	3,001,392
Bond Proceeds	-	-	-	25,934,200	-	25,934,200
Other	<u>377,472</u>	<u>21,040</u>	<u>-</u>	<u>702,806</u>	<u>32,408</u>	<u>1,133,726</u>
Gross receivables	1,876,738	84,405	31,008	26,637,006	3,033,800	31,662,957
Less: allowance	<u>(11,040)</u>	<u>(204)</u>	<u>(3,446)</u>	<u>-</u>	<u>(100,482)</u>	<u>(115,172)</u>
Net receivables	<u>\$ 1,865,698</u>	<u>\$ 84,201</u>	<u>\$ 27,562</u>	<u>\$ 26,637,006</u>	<u>\$ 2,933,318</u>	<u>\$ 31,547,785</u>

NOTE 4. RECEIVABLES (continued)

CITY OF FRISCO
Notes to the Combined Financial Statements
September 30, 2001

Taxes are levied on October 1 and are payable until February 1 without penalty. Property taxes attach as an enforceable lien on property as of February 1. No discounts are allowed for early payment. Penalty and interest are calculated after February 1 up to the date collected by the government at the rate of 6% for the first month and increased 1% per month up to a total of 12%. Under state law, property taxes on real property constitute a lien on the property and cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes applicable to personal property may be deemed uncollectible by the government. The government's current policy is to write-off uncollectible personal property taxes after four years.

Notes Receivable. The EDC loaned \$120,000 to a local business to assist them with expansion to a new facility, including roadway infrastructure for better access. The note was dated December 20, 1995 and is to be paid in 120 monthly installments, including interest computed at a varying rate based upon the prime interest rate. The note is secured by a second lien on the improved property. Funds for the note were loaned to the EDC by the Texas Department of Commerce. The note is current and has a balance at September 30, 2001 of \$62,162.

Due from other governments. The City is participating with the Collin County Community College District (\$500,000) and the Texas Department of Transportation (\$174,110) on two road construction projects. The participating entities have been invoiced for their portion of incurred costs.

NOTE 5. FIXED ASSETS

The following is a summary of changes in the general fixed assets account group during the fiscal year:

	Balance September 30, 2000	Additions	Retirements Transfers Other Deductions	Balance, September 30, 2001
Land	\$ 21,863,805	\$ 2,543,378	\$ 8,557,787	\$ 15,849,396
Vehicles, machinery and equipment	8,935,004	1,641,751	41,666	10,535,089
Buildings and improvements	5,577,896	-	-	5,577,896
Improvements other than buildings	11,412,455	15,182,601	2,961,117	23,633,939
Construction-in-progress	12,203,859	12,897,734	15,077,042	10,024,551
Total	<u>\$ 59,993,019</u>	<u>\$ 32,265,464</u>	<u>\$ 26,637,612</u>	<u>\$ 65,620,871</u>

CITY OF FRISCO
Notes to the Combined Financial Statements
September 30, 2001

NOTE 5. FIXED ASSETS (continued)

A summary of changes in proprietary fund type and component unit fixed assets during the fiscal year follows:

A. <u>Water and Sewer</u>				
	Balance September <u>30, 2000</u>	<u>Additions</u>	Retirements Transfers <u>Other Deductions</u>	Balance, September <u>30, 2001</u>
Land	\$3,868,358	\$ 1,021,120	\$ -	\$4,889,478
Vehicles, machinery and equipment	1,602,120	393,838	-	1,995,958
Buildings and improvements	199,266	8,133	-	207,399
Improvements other than buildings	28,965,869	-	-	28,965,869
Construction-in-progress	<u>1,251,576</u>	<u>9,028,338</u>	-	<u>10,279,914</u>
Total	35,887,189	10,451,429	-	46,338,618
Less: accumulated depreciation	<u>(6,031,174)</u>	<u>(989,885)</u>	-	<u>(7,021,059)</u>
Net Fixed Assets	<u>\$29,856,015</u>	<u>\$ 9,461,544</u>	<u>\$ -</u>	<u>\$ 39,317,559</u>
B. <u>Superdrome</u>				
	Balance September <u>30, 2000</u>	<u>Additions</u>	Retirements Transfers <u>Other Deductions</u>	Balance, September <u>30, 2001</u>
Superdrome structure	\$ 2,917,139	\$ -	\$ -	\$ 2,917,139
Total	2,917,139	-	-	2,917,139
Less: accumulated depreciation	<u>(179,144)</u>	<u>(72,929)</u>	-	<u>(252,073)</u>
Net Fixed Assets	<u>\$ 2,737,995</u>	<u>\$ (72,929)</u>	<u>\$ -</u>	<u>\$ 2,665,066</u>
C. <u>Frisco Economic Development Corporation</u>				
	Balance September <u>30, 2000</u>	<u>Additions</u>	Retirements Transfers <u>Other Deductions</u>	Balance, September <u>30, 2001</u>
Land	\$ -	\$ 8,557,787	\$ 127,063	\$ 8,430,724
Improvements other than buildings	-	5,731	-	5,731
Total	<u>\$ -</u>	<u>\$ 8,563,518</u>	<u>\$ 127,063</u>	<u>\$ 8,436,455</u>
D. <u>Frisco Community Development Corporation</u>				
	Balance September <u>30, 2000</u>	<u>Additions</u>	Retirements Transfers <u>Other Deductions</u>	Balance, September <u>30, 2001</u>
Land	\$ -	\$ 3,174,758	\$ -	\$ 3,174,758
Improvements other than buildings	-	4,410,383	-	4,410,383
Construction-in-progress	-	<u>3,482,654</u>	<u>1,449,265</u>	<u>2,033,389</u>
Total	<u>\$ -</u>	<u>\$ 11,067,795</u>	<u>\$ 1,449,265</u>	<u>\$ 9,618,530</u>

CITY OF FRISCO
Notes to the Combined Financial Statements
September 30, 2001

NOTE 5. FIXED ASSETS (continued)

Property, plant and equipment are depreciated in the proprietary funds of the government using the straight-line method over the following estimated useful lives:

Building and improvements	40 years
System infrastructure	40 years
Vehicles	5 years
Furniture and fixtures	5 years
Machinery and equipment	8 - 10 years

At September 30, 2001, land acquired during fiscal year 2000 that was originally recorded in the general fixed assets account group was transferred to the Economic Development Corporation at cost of \$8,557,787. Also, improvements other than buildings assets were transferred from the general fixed assets account group to the Community Development Corporation fixed assets at a cost of \$2,961,118. These assets were acquired in prior years.

NOTE 6. CONSTRUCTION IN PROGRESS

At September 30, 2001, the City had several projects under construction. A summary of the status of the projects and their related binding contract with the contractors are as follows:

	Scheduled Completion Date	Contract Amount	Costs Incurred Through 9/30/2001	Balance Remaining On Contract
<u>General Fixed Asset Account Group</u>				
Fire Station #4	5/02	\$ 1,453,860	\$ 139,724	\$ 1,314,136
Various Street Projects	Various	23,720,603	9,855,061	13,865,542
Various Park Projects	Various	307,129	29,766	277,363
Total General Fixed Asset Account Group		<u>\$ 25,481,592</u>	<u>\$ 10,024,551</u>	<u>\$ 15,457,041</u>
<u>Water & Sewer Fund</u>				
Reuse System	12/01	\$ 2,472,669	\$ 2,423,872	\$ 48,797
Water System Improvements	Various	9,058,144	7,856,042	1,202,102
Total Water & Sewer Fund		<u>\$ 11,530,813</u>	<u>\$ 10,279,914</u>	<u>\$ 1,250,899</u>
<u>Frisco Community Development Corporation</u>				
Warren Sports Complex - Phase IV	5/02	\$ 2,488,488	\$ 2,033,389	\$ 455,099
Total FCDC		<u>\$ 2,488,488</u>	<u>\$ 2,033,389</u>	<u>\$ 455,099</u>

CITY OF FRISCO
Notes to the Combined Financial Statements
September 30, 2001

NOTE 7. NOTES PAYABLE

The following schedule summarizes notes payable as of September 30, 2001:

	Balance September <u>30, 2000</u>	<u>Additions</u>	<u>Deletions</u>	Balance, September <u>30, 2001</u>
Water and sewer fund	\$ 67,297	\$ -	\$ 3,318	\$ 63,979
Economic development corporation	<u>6,875,246</u>	<u>-</u>	<u>180,441</u>	<u>6,694,805</u>
Total	<u>\$ 6,942,543</u>	<u>\$ -</u>	<u>\$ 183,759</u>	<u>\$ 6,758,784</u>

- A. The Water and Sewer Fund has a note payable due to G.E. Capital. The note is collateralized by equipment and is payable in monthly installments of \$549 including interest at 5 percent through December, 2013.

The annual requirements to amortize the note payable as of September 30, 2001 including interest of \$23,820 are as follows:

Year Ending <u>September 30,</u>	Notes <u>Payable</u>
2002	\$ 6,588
2003	6,588
2004	6,588
2005	6,588
2006	6,588
Thereafter	<u>54,859</u>
Total payments	\$ 87,799
Less interest	<u>\$ (23,820)</u>
Note balance	<u>\$ 63,979</u>

- B. The Economic Development Corporation entered into an agreement to borrow \$120,000 from the Texas Department of Commerce and loan the funds to a local business for construction of their facilities. The note payable to the Texas Department of Commerce and the note receivable from the local business are on identical terms monthly payments of \$1,488, including interest computed at the prime interest rate until December, 2005, when the balance is due.

The annual requirements to amortize the note, including interest of \$6,861, are as follows:

Year Ending <u>September 30,</u>	Notes <u>Payable</u>
2002	\$ 16,559
2003	16,559
2004	16,559
2005	<u>19,346</u>
Total payments	\$ 69,023
Less interest	<u>\$ (6,861)</u>
Note balance	<u>\$ 62,162</u>

CITY OF FRISCO

Notes to the Combined Financial Statements

September 30, 2001

NOTE 7. NOTES PAYABLE (continued)

- C. The Economic Development Corporation entered into an agreement to borrow \$6,800,000 from a bank to fund the purchase of a commercial tract of land located in Frisco, Texas. Interest on the note, based upon Wall Street Journal "Prime", is payable quarterly commencing September 1, 2000. The principal balance is due in full on or before June 1, 2002. As of September 30, 2001, the carrying amount of the note was \$6,632,643.

NOTE 8. LEASES

Capital Leases

On May 24, 1994, April 30, 1996, July 15, 1997 and September 30, 1997, the government entered into four lease agreements as lessee for financing the acquisition of equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. As of September 30, 2001, the equipment leased under capital leases had a carrying value of \$450,950 which is included in the general fixed asset account group.

Capital lease expenditures for 2001 were \$18,502 of which \$931 represented interest. Effective interest rates range from 5.30% to 6.00%. Pursuant to the terms of the capital lease agreements, the government has paid in full the capital lease payable as of September 30, 2001.

NOTE 9. LONG-TERM DEBT

The City issues general obligations bonds and certificates of obligation to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and certificates of obligation have been issued for both general government and proprietary funds if they are expected to be repaid from proprietary reserves. In addition, general obligation bonds have been issued to refund general obligation bonds.

General obligation bonds and certificates of obligation mature annually in varying amounts through 2021. The interest for these bonds are payable semi-annually with interest rates ranging from 3.55% to 8.5%. The City issued \$26,000,000 in general obligation bonds with a premium of \$48,200 and \$15,000,000 certificates of obligations for capital improvements in fiscal year 2001. The component units issued \$12,800,000 in certificates of obligations for capital improvements in fiscal year 2001.

The City issued bonds in 1996 to advance refund \$2,500,000 of the City's outstanding general obligation bonds. Proceeds from the refunding were deposited in an irrevocable escrow account and invested in U.S. Treasury amounts sufficient for future payments of principal and interest on the issues refunded. Accordingly, the escrow account and the previously issued and outstanding bonds are not included in the City's combined balance sheet. The outstanding principal of the refunded bonds at September 30, 2001, is \$1,290,000.

CITY OF FRISCO

Notes to the Combined Financial Statements
September 30, 2001

NOTE 9. LONG-TERM DEBT (continued)

During the year ended September 30, 2001, the following changes occurred in the long-term liabilities:

	Balance September 30 2000	Additions	Reductions	Balance September 30 2001
<u>Governmental Fund Types</u>				
Compensated absences payable	\$ 999,431	\$ 883,864	\$ -	\$ 1,883,295
General obligation bonds	22,600,000	26,000,000	1,155,000	47,445,000
Certificate of obligations	8,775,000		235,000	8,540,000
General obligation - refunding bonds	1,297,800		222,600	1,075,200
Grants payable	12,112,000		1,449,722	10,662,278
Accrued liabilities	-	276,347	-	276,347
Capital lease payable	17,571	-	17,571	-
Total governmental fund types	<u>\$ 45,801,802</u>	<u>\$ 27,160,211</u>	<u>\$ 3,079,893</u>	<u>\$ 69,882,120</u>
<u>Proprietary Fund Types</u>				
Compensated absences payable	162,286	15,832	-	178,118
Notes payable	67,297	-	3,318	63,979
Certificates of obligation	6,650,000	15,000,000	435,000	21,215,000
General obligation - refunding bonds	247,200	-	42,400	204,800
Total proprietary fund types	<u>\$ 7,126,783</u>	<u>\$ 15,015,832</u>	<u>\$ 480,718</u>	<u>\$ 21,661,897</u>
Total all fund types	<u>\$ 52,928,585</u>	<u>\$ 42,176,043</u>	<u>\$ 3,560,611</u>	<u>\$ 91,544,017</u>
<u>Frisco Economic Development Corporation</u>				
Compensated absences payable	27,896	23,858	-	51,754
Notes payable	6,875,245	-	180,440	6,694,805
Certificates of obligation	-	5,000,000	-	5,000,000
Revenue bonds	2,030,000	-	90,000	1,940,000
Grant payable	6,056,000	-	809,599	5,246,401
Total component unit	<u>\$ 14,989,141</u>	<u>\$ 5,023,858</u>	<u>\$ 1,080,039</u>	<u>\$ 18,932,960</u>
<u>Frisco Community Development Corporation</u>				
Certificates of obligation	8,785,000	7,800,000	220,000	16,365,000
Grants payable	6,056,000	-	803,653	5,252,347
Total component unit	<u>\$ 14,841,000</u>	<u>\$ 7,800,000</u>	<u>\$ 1,023,653</u>	<u>\$ 21,617,347</u>

Debt service requirements of the general obligation bonds and certificates of obligation for the governmental fund types for the year's subsequent to September 30, 2001, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2002	\$ 2,410,900	\$ 2,758,865	\$ 5,169,765
2003	2,486,700	2,688,782	5,175,482
2004	2,557,500	2,561,352	5,118,852
2005	2,643,300	2,431,283	5,074,583
2006	2,729,100	2,296,788	5,025,888
Thereafter	44,232,700	16,518,926	60,751,626
Total	<u>\$ 57,060,200</u>	<u>\$ 29,255,996</u>	<u>\$ 86,316,196</u>

CITY OF FRISCO

Notes to the Combined Financial Statements

September 30, 2001

NOTE 9. LONG-TERM DEBT (continued)

Debt service requirements of the general obligation bonds and certificates of obligation for the proprietary fund types for the year's subsequent to September 30, 2001, are as follows:

Fiscal Year			
Ending	Principal	Interest	Total
<u>September 30</u>	<u>Requirements</u>	<u>Requirements</u>	<u>Requirements</u>
2002	\$ 884,100	\$ 1,123,873	\$ 2,007,973
2003	908,300	1,071,376	1,979,676
2004	932,500	1,020,907	1,953,407
2005	961,700	972,169	1,933,869
2006	990,900	921,569	1,912,469
Thereafter	<u>16,742,300</u>	<u>6,777,124</u>	<u>23,519,424</u>
Total	<u>\$ 21,419,800</u>	<u>\$ 11,887,018</u>	<u>\$ 33,306,818</u>

Debt service requirements of the revenue bonds and certificates of obligation for the Economic Development Corporation component unit for the year's subsequent to September 30, 2001, are as follows:

Fiscal Year			
Ending	Principal	Interest	Total
<u>September 30</u>	<u>Requirements</u>	<u>Requirements</u>	<u>Requirements</u>
2002	\$ 235,000	\$ 386,575	\$ 621,575
2003	250,000	372,894	622,894
2004	265,000	358,300	623,300
2005	280,000	342,579	622,579
2006	295,000	326,008	621,008
Thereafter	<u>5,615,000</u>	<u>2,425,203</u>	<u>8,040,203</u>
Total	<u>\$ 6,940,000</u>	<u>\$ 4,211,559</u>	<u>\$ 11,151,559</u>

Debt service requirements of certificates of obligation for the Community Development Corporation component unit for the year's subsequent to September 30, 2001, are as follows:

Fiscal Year			
Ending	Principal	Interest	Total
<u>September 30</u>	<u>Requirements</u>	<u>Requirements</u>	<u>Requirements</u>
2002	\$ 270,000	\$ 957,957	\$ 1,227,957
2003	300,000	765,116	1,065,116
2004	610,000	747,391	1,357,391
2005	705,000	715,109	1,420,109
2006	770,000	679,194	1,449,194
Thereafter	<u>13,710,000</u>	<u>5,561,295</u>	<u>19,271,295</u>
Total	<u>\$ 16,365,000</u>	<u>\$ 9,426,062</u>	<u>\$ 25,791,062</u>

CITY OF FRISCO

Notes to the Combined Financial Statements

September 30, 2001

NOTE 10. GRANTS PAYABLE

Mall Development Agreement

In order to induce the construction of a shopping mall within the city limits of the City of Frisco, Texas, the City, FEDC and FCDC have agreed to pay a developer grants of money not to exceed \$24,224,000 and \$5,000,000 for the *Mall Anchor grant* and *Supplemental Mall Anchor grant*, respectively. The grants represent one half of the inducement cost or funds paid by the developer to induce Mall Anchors and Supplemental Mall Anchors to locate at the Mall. The mall developer defined specific stores as Mall Anchors and Supplemental Mall Anchors which includes Mall Anchor Successors and Supplemental Mall Anchor Successors that lease or purchase seventy-five thousand (75,000) or more square feet of retail space at the Mall. A Mall Anchor Successor and Supplemental Mall Anchor Successor is defined as an affiliate of a Mall Anchor or Supplemental Mall Anchor or any person that, as a result of reorganization, merger, consolidation or sale of stock or assets acquires a Mall Anchor or Supplemental Mall Anchor store.

The grant established for the Mall Anchors shall terminate upon the earlier of March 1, 2011 or the date the grant is paid in full. The grant established for the Supplemental Mall Anchors shall terminate upon the earlier of March 1, 2013 or the date the grant is paid in full.

The grant bears simple interest at the rate of six percent per annum on any unpaid balance. The interest accumulation begins on the date that the mall opens for business or the date the mall developer provides satisfactory evidence of funds paid to the Mall Anchors and Supplemental Mall Anchors which ever is later. The first installment of the grant is due no later than six months following the date that the mall opens for business and each subsequent payment is due each three months thereafter except that quarterly payments are not due until such time as the City of Frisco has received the municipal sales tax proceeds from the State Comptroller.

Each quarterly payment for the Mall Anchor grant is computed as follows:

The City will pay an amount equal to one hundred percent of the municipal sales tax received by the City from the Mall Anchors, not to exceed one percent of retail sales, and twenty-five percent of the municipal sales tax received from other mall tenants, not to exceed one-sixth of one percent of retail sales. The FEDC and FCDC will pay an amount equal to one hundred percent of municipal sales tax received by the City from the Mall Anchors not to exceed one-half of one percent of retail sales and twenty-five percent of the municipal sales tax received from other mall tenants, not to exceed one-sixth of one percent of retail sales.

Each quarterly payment for the Supplemental Mall Anchor grant is computed as follows:

CITY OF FRISCO

Notes to the Combined Financial Statements

September 30, 2001

The City will pay an amount equal to one hundred percent of municipal sales tax received from the Supplemental Mall Anchors not to exceed one percent of the retail sales. The FEDC and FCDC will pay an amount equal to one hundred percent of the municipal sales tax received from the Supplemental Mall Anchors not to exceed one-half of one percent of retail sales.

CITY OF FRISCO

Notes to the Combined Financial Statements

September 30, 2001

NOTE 10. GRANTS PAYABLE (continued)

Each installment will be applied to accrued interest first and the remainder, if any, to principal. The Mall opened for business on August 4, 2000. The installment payments are dependent on sales tax collections.

As of September 30, 2001, the City, FEDC, and FCDC were obligated to pay the mall developer a total of \$22,380,000 for one-half of the inducement cost paid to the Mall Anchors and Supplemental Mall Anchors. The carrying amount of the grant payable for the City, FEDC, FCDC was \$10,662,278, \$5,246,401, and \$5,252,347 respectively at September 30, 2001.

An additional grant, which will be the third and final grant will be paid beginning the first quarter after the final payment is made for the Mall Anchor grant. The obligation to pay the additional grant will terminate upon the earlier of March 1, 2011 or ten years from the date the first grant installment is made. There is no fixed amount payable with this grant.

Each quarterly payment for the additional grant is computed as follows:

The City, FEDC, and FCDC will pay an amount equal to twenty-five percent of the municipal sales tax received from the Mall Anchors and Other Mall Tenants, not to exceed one-sixth of one percent of the retail sales.

Retail Development Agreements

In order to promote economic development and diversity, increase employment, reduce unemployment and underemployment, expand commerce, and stimulate business and commercial activity in the State of Texas, Collin County, and the City of Frisco, Texas, the City, FCDC and FEDC agreed to pay sales tax grants to certain developers. These grants require the construction of a minimum square feet of retail space and obtaining certificates of occupancy for certain Anchor stores or major retailers within a specified time period, all of which have been met during the 2001 fiscal year.

Each sales tax grant is available for a period of ten years, beginning on the dates the certificates of occupancy were received. The City, FCDC and FEDC will each pay one-third of one-half of one percent (0.5%) of retail sales taxes collected by the City on retail sales generated by the Anchor stores or major retailers to the developers on a quarterly basis. Therefore, the installment payments are dependent on sales tax collections and there are no fixed amounts payable with these grants.

NOTE 11. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by the International City Management Association Retirement Corporation (ICMARC). All assets and income are held in trust for the exclusive benefit of participants and their beneficiaries, therefore it is not reported in the financial statements of the City.

CITY OF FRISCO

Notes to the Combined Financial Statements

September 30, 2001

NOTE 11. DEFERRED COMPENSATION PLAN (continued)

The plan, available to all full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

NOTE 12. RETIREMENT SYSTEM

Plan Description

The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 745 administered by TMRS, an agent multiple-employer public employee retirement system. Each of the 745 municipalities have an annual, individual actuarial valuation performed. All assumptions for the December 31, 2000 valuations are contained in the 2000 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing P.O. Box 149153, Austin, Texas 78714-9153.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are 100 percent of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and city matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are 100 percent of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and city matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date.

CITY OF FRISCO

Notes to the Combined Financial Statements

September 30, 2001

NOTE 12. RETIREMENT SYSTEM (continued)

At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with 10 or more years of service or with 25 years of service regardless of age. A member is vested after 10 years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Contributions

The contribution rate for the employees is 7%, and the City matching ratio is currently 2 to 1, both as adopted by the governing body of the City. Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll on an open basis from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period.

Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect.

Annual Pension Cost

For the year ended September 30, 2001, the City's annual pension cost of \$842,801 for TMRS was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2000 actuarial valuation using the unit credit actuarial cost method, the level percent of payroll amortization method and amortized on an open period basis over 25 years. The actuarial assumptions included (a) 8% investment rate of return, (b) no projected salary increases, (c) no cost-of-living adjustments, (d) no postretirement benefit increases, (e) level percentage of payroll, and (f) 25 year amortization period on an open basis. No inflation amount was used in computing (a) and (b). The actuarial value of TMRS assets was determined using market values.

CITY OF FRISCO

Notes to the Combined Financial Statements

September 30, 2001

NOTE 12. RETIREMENT SYSTEM (continued)

Three-Year Trend Information for TMRS

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
09/30/99	\$353,713	100%	\$0
09/30/00	\$695,690	100%	\$0
09/30/01	\$842,801	100%	\$0

Schedule of Funding Progress for TMRS

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded ALL (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b)-(a)]/(c)
12/31/98	\$2,772	3,405	633	81.4%	\$5,575	11.4%
12/31/99	\$3,662	5,405	1,743	67.7%	\$7,150	24.4%
12/31/00	\$5,283	7,358	2,075	71.8%	\$9,770	21.2%

Six-year historical trend information presenting the TMRS progress in accumulating sufficient assets to pay benefits when due is presented in this report on page 51.

NOTE 13. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The government maintains an Enterprise Fund which provides Water and Sewer related services and an Enterprise Fund which provide Superdome services. Segment information for the year ended September 30, 2001, is as follows:

	Water and Sewer Fund	Superdome
Operating revenues	\$ 18,197,990	\$ 98,588
Depreciation expense	989,886	72,928
Operating income/(loss)	5,082,261	(244,586)
Net income/(loss)	4,968,570	(145,567)
Property, plant and equipment additions	10,451,429	-
Net working capital	14,915,656	1,842,763
Total assets	57,491,633	4,534,671
Bonds and other long-term liabilities	20,596,223	-
Total equity	33,805,024	4,507,829

CITY OF FRISCO

Notes to the Combined Financial Statements

September 30, 2001

NOTE 14. RISK MANAGEMENT

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The government is a participant in the Texas Municipal League Workers' Compensation Joint Insurance Fund (WC Fund) and the Texas Municipal League Joint Self-Insurance Fund (Property-Liability Fund), a public entity risk pool operated by the Texas Municipal League Board for the benefit of 1,821 individual governmental units located with Texas. The government pays an annual premium to the Funds for its workers' compensation and property and liability insurance coverage. The WC Fund and Property-Liability Fund are considered self-sustaining risk pools that provide coverage for its members for up to \$2,000,000 per insured event. There were no significant reduction in insurance coverage from the previous year. Settled claims for risks have not exceeded insurance coverage for the past three years.

NOTE 15. INTERFUND RECEIVABLES AND PAYABLES

All interfund receivables and payables are considered short-term and, at September 30, 2001, consisted of the following:

	Due from <u>other funds</u>	Due to <u>other funds</u>
General Fund	\$ 8,163,873	\$ 1,710,522
Special Revenue Funds	-	70,689
Debt Service Fund	28,696	182,474
Capital Projects Fund	-	7,853,595
Impact Fees	-	144,776
Water & Sewer Fund	1,770,289	-
Superdome	-	802
Total	<u>\$ 9,962,858</u>	<u>\$ 9,962,858</u>

Due to/from primary government and component units:

	Due to Primary <u>Government</u>	Due from Primary <u>Government</u>	Due to Component <u>Unit</u>	Due from Component <u>Unit</u>
General Fund	\$ -	\$ -	\$ 710,188	\$ -
Capital Projects Fund	-	-	-	22,270
Economic Development	22,270	360,212	-	-
Community Development	-	349,976	-	-
Totals	<u>\$ 22,270</u>	<u>\$ 710,188</u>	<u>\$ 710,188</u>	<u>\$ 22,270</u>

CITY OF FRISCO

Notes to the Combined Financial Statements

September 30, 2001

NOTE 16. INTERFUND OPERATING TRANSFERS

	Transfers In From Other Funds	Transfers Out to Other Funds
General Fund	\$ -	\$ 2,074,546
Special Revenue Funds	17,872	714,720
Debt Service Fund	714,720	-
Capital Projects Fund	3,427,666	-
Impact Fees	-	1,370,992
Total	<u>\$ 4,160,258</u>	<u>\$ 4,160,258</u>

	Transfers In From Component Unit	Transfers In From Primary Government	Transfers Out To Component Unit	Transfers Out To Primary Government
Capital Projects Fund	\$ 660,145	\$ -	\$ -	\$ -
Impact Fees	-	-	971,948	-
Community Development	-	971,948	-	-
Economic Development	-	-	-	660,145
Total	<u>\$ 660,145</u>	<u>\$ 971,948</u>	<u>\$ 971,948</u>	<u>\$ 660,145</u>

NOTE 17. CONTINGENT LIABILITIES

The City has participated in a number of state and federally assisted grant programs. These programs are subject to program compliance audits and adjustments by the grantor agencies or their representatives. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

The North Texas Municipal Water District issued \$2,600,000 in revenue bonds to used for the construction of a water supply and distribution system benefiting the Cities of Frisco and McKinney. The outstanding principal of the revenue bonds at September 30, 2001, is \$1,590,000. The City of Frisco and the City of McKinney have guaranteed the payment of the bond principal and interest, and certain related administrative costs. The City of Frisco is in compliance with this agreement at September 30, 2001.

NOTE 18. LITIGATION

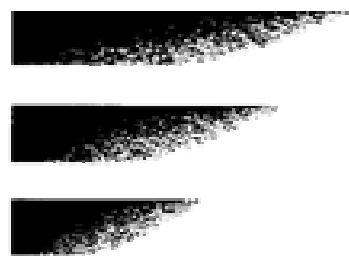
The City is party to several legal actions arising in the ordinary course of business. In the opinion of the City's management, the City has adequate legal defense and/or insurance coverage regarding each of these actions and does not believe that they will materially affect the City's operations or financial position.

NOTE 19. SUBSEQUENT EVENTS

In November 2001, the City issued \$77,000,000 certificates of obligation to fund the construction of the Sports Complex, the Frisco Square Development and to cover issuance costs of the bonds.

CITY OF FRISCO
Texas Municipal Retirement System
Required Supplementary Information
Analysis of Funding Progress
(In Thousands of Dollars)
(Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (d)	UAAL as a Percentage of Covered Payroll (d/e)
12/31/1995	1,209	1,337	128	90.4%	3,285	3.9%
12/31/1996	1,579	1,904	325	82.9%	4,157	7.8%
12/31/1997	2,109	2,490	381	84.7%	4,516	8.4%
12/31/1998	2,772	3,405	633	81.4%	5,575	11.4%
12/31/1999	3,662	5,405	1,743	67.8%	7,150	24.4%
12/31/2000	5,283	7,358	2,075	71.8%	9,770	21.2%



FRISCO

General Fund

The general fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

CITY OF FRISCO
General Fund
Comparative Balance Sheets
September 30, 2001
(with comparative totals for September 30, 2000)

ASSETS	<u>2001</u>	<u>2000</u>
Cash and cash equivalents	\$ 14,089,225	\$ 5,259,880
Receivables (net of allowances for uncollectibles):		
Property tax	99,363	61,170
Sales tax	1,399,903	1,079,281
Grants	302,117	-
Other	75,355	125,130
Due from other funds	8,163,873	6,144,457
Prepaid expenses	<u>129,355</u>	<u>-</u>
 Total assets	 <u><u>\$ 24,259,191</u></u>	 <u><u>\$ 12,669,918</u></u>
 LIABILITIES and EQUITY		
Liabilities:		
Accounts payable	\$ 3,392,914	\$ 1,047,423
Accrued liabilities	265,543	-
Deferred revenues	310,301	61,170
Monies held in escrow	104,415	28,609
Due to other funds	1,710,522	269,499
Due to component units	<u>710,188</u>	<u>536,798</u>
Total liabilities	<u><u>6,493,883</u></u>	<u><u>1,943,499</u></u>
Equity:		
Fund balances:		
Reserved for prepaids	129,355	-
Unreserved	<u>17,635,953</u>	<u>10,726,419</u>
 Total equity	 <u><u>17,765,308</u></u>	 <u><u>10,726,419</u></u>
 Total liabilities and equity	 <u><u>\$ 24,259,191</u></u>	 <u><u>\$ 12,669,918</u></u>

CITY OF FRISCO

General Fund

Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Year Ended September 30, 2001

(with comparative totals for September 30, 2000)

Revenues:	<u>2001</u>	<u>2000</u>
Taxes:		
Property	\$ 8,986,005	\$ 6,241,712
Sales	8,413,550	3,762,000
Franchise	2,287,545	1,360,977
Other	177,911	87,614
Intergovernmental	-	415,212
Public safety	1,599,585	1,161,624
Building inspection	5,287,620	4,673,851
Planning and zoning	350,961	359,477
Culture and recreation	221,869	76,767
Interest	663,624	580,136
Miscellaneous	<u>54,092</u>	<u>33,724</u>
Total revenues	<u>28,042,762</u>	<u>18,753,094</u>
Expenditures:		
Current:		
General government	4,606,110	3,329,181
Public safety	8,290,177	6,600,951
Public works	2,011,215	1,657,035
Culture and recreation	1,955,253	1,338,255
Capital outlay	869,620	-
Debt service:		
Interest and fiscal charges	660,582	549,931
Principal retirement	<u>545,293</u>	<u>55,194</u>
Total expenditures	<u>18,938,250</u>	<u>13,530,547</u>
Excess of revenues over expenditures	<u>9,104,512</u>	<u>5,222,547</u>
Other financing sources (uses):		
Operating transfers out	(2,074,546)	(2,498,740)
Sales of assets	<u>8,923</u>	<u>6,236</u>
Total other financing sources (uses)	<u>(2,065,623)</u>	<u>(2,492,504)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	7,038,889	2,730,043
Fund balances, October 1	<u>10,726,419</u>	<u>7,996,376</u>
Fund balances, September 30	<u>\$ 17,765,308</u>	<u>\$ 10,726,419</u>

CITY OF FRISCO

General Fund

Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Year Ended September 30, 2001

(with comparative totals for September 30, 2000)

	2001		Variance
	<u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable)
REVENUES:			
Taxes:			
Property	\$ 8,976,219	\$ 8,986,005	\$ 9,786
Sales	8,339,984	8,413,550	73,566
Franchise	2,287,500	2,287,545	45
Other	123,504	177,911	54,407
Intergovernmental	462,678	-	(462,678)
Public safety:			
Municipal court	526,500	541,412	14,912
Police and police reserve	488,277	540,651	52,374
Fire and ambulance	492,810	517,522	24,712
Building inspection	5,118,000	5,287,620	169,620
Planning and zoning	325,000	350,961	25,961
Culture and recreation:			
Library	29,312	29,338	26
Parks and recreation	279,282	192,531	(86,751)
Interest	643,972	663,624	19,652
Miscellaneous	<u>19,841</u>	<u>54,092</u>	<u>34,251</u>
Total revenues	<u>28,112,879</u>	<u>28,042,762</u>	<u>(70,117)</u>
EXPENDITURES:			
General government:			
Administration	1,382,564	1,504,670	(122,106)
Tax department	214,098	222,651	(8,553)
Finance	251,165	300,087	(48,922)
Special districts	1,057,345	155,625	901,720
Municipal court	245,918	249,218	(3,300)
Planning	737,957	784,350	(46,393)
Human resources	277,992	264,272	13,720
Building inspections	<u>1,161,267</u>	<u>1,125,237</u>	<u>36,030</u>
Total general government	<u>5,328,306</u>	<u>4,606,110</u>	<u>722,196</u>
Public safety:			
Police and police reserve	3,885,333	4,176,506	(291,173)
Fire and ambulance	<u>3,822,598</u>	<u>4,113,671</u>	<u>(291,073)</u>
Total public safety	<u>7,707,931</u>	<u>8,290,177</u>	<u>(582,246)</u>
Public works	<u>2,049,748</u>	<u>2,011,215</u>	<u>38,533</u>
Culture and recreation:			
Library	334,952	350,097	(15,145)
Parks	1,029,437	1,042,829	(13,392)
Recreation	<u>563,906</u>	<u>562,327</u>	<u>1,579</u>
Total culture and recreation	<u>1,928,295</u>	<u>1,955,253</u>	<u>(26,958)</u>

2000		
<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
\$ 5,762,281	\$ 6,241,712	\$ 479,431
3,080,000	3,762,000	682,000
962,457	1,360,977	398,520
52,740	87,614	34,874
275,000	415,212	140,212
501,500	811,994	310,494
101,000	74,161	(26,839)
165,000	275,469	110,469
1,817,500	4,673,851	2,856,351
250,000	359,477	109,477
20,000	42,390	22,390
78,000	34,377	(43,623)
400,000	580,136	180,136
<u>143,713</u>	<u>33,724</u>	<u>(109,989)</u>
<u>13,609,191</u>	<u>18,753,094</u>	<u>5,143,903</u>
994,412	965,357	29,055
202,102	191,552	10,550
251,132	230,488	20,644
-	-	-
460,099	451,113	8,986
779,171	634,237	144,934
179,011	157,775	21,236
<u>789,250</u>	<u>698,659</u>	<u>90,591</u>
<u>3,655,177</u>	<u>3,329,181</u>	<u>325,996</u>
3,502,000	3,429,888	72,112
<u>3,290,352</u>	<u>3,171,063</u>	<u>119,289</u>
<u>6,792,352</u>	<u>6,600,951</u>	<u>191,401</u>
<u>1,677,541</u>	<u>1,657,035</u>	<u>20,506</u>
319,081	277,569	41,512
796,719	759,996	36,723
<u>353,677</u>	<u>300,690</u>	<u>52,987</u>
<u>1,469,477</u>	<u>1,338,255</u>	<u>131,222</u>

(Continued)

CITY OF FRISCO

General Fund

Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Year Ended September 30, 2001

(with comparative totals for September 30, 2000)

	2001		Variance
	<u>Budget</u>	<u>Actual</u>	Favorable <u>(Unfavorable)</u>
EXPENDITURES: (continued)			
Capital outlay	<u>869,620</u>	<u>869,620</u>	<u>-</u>
Debt Service:			
Principal reduction	617,571	545,293	72,278
Interest and fiscal charges	<u>757,897</u>	<u>660,582</u>	<u>97,315</u>
Total debt service	<u>1,375,468</u>	<u>1,205,875</u>	<u>169,593</u>
 Total expenditures	<u>19,259,368</u>	<u>18,938,250</u>	<u>321,118</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,853,511</u>	<u>9,104,512</u>	<u>251,001</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	-	-	-
Operating transfers out	(1,997,485)	(2,074,546)	(77,061)
Sales of assets	<u>-</u>	<u>8,923</u>	<u>8,923</u>
Total other financing sources (uses)	<u>(1,997,485)</u>	<u>(2,065,623)</u>	<u>(68,138)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	6,856,026	7,038,889	182,863
 Fund balances, October 1	<u>10,726,419</u>	<u>10,726,419</u>	<u>-</u>
 Fund balances, September 30	<u>\$ 17,582,445</u>	<u>\$ 17,765,308</u>	<u>\$ 182,863</u>

Exhibit A-3. Cont.

2000		
<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>-</u>	<u>-</u>	<u>-</u>
45,000	55,194	(10,194)
<u>487,063</u>	<u>549,931</u>	<u>(62,868)</u>
<u>532,063</u>	<u>605,125</u>	<u>(73,062)</u>
<u>14,126,610</u>	<u>13,530,547</u>	<u>596,063</u>
<u>(517,419)</u>	<u>5,222,547</u>	<u>5,739,966</u>
180,105	-	(180,105)
-	(2,498,740)	(2,498,740)
<u>-</u>	<u>6,236</u>	<u>6,236</u>
<u>180,105</u>	<u>(2,492,504)</u>	<u>(2,672,609)</u>
(337,314)	2,730,043	3,067,357
<u>7,996,376</u>	<u>7,996,376</u>	<u>-</u>
<u>\$ 7,659,062</u>	<u>\$ 10,726,419</u>	<u>\$ 3,067,357</u>



FRISCO

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Tax Increment Reinvestment Zone - This fund is used to account for property tax collections specifically restricted to promote, encourage and maintain employment, commerce, economic development and public facility development in the City.

Hotel/ Motel Tax Fund - This fund is used to account for revenues specifically restricted to encourage tourism, historical preservation and promote the City of Frisco.

CITY OF FRISCO
Combining Balance Sheets
Special Revenue Funds
September 30, 2001

	Tax Increment Reinvestment <u>Zone</u>	Hotel/Motel <u>Tax</u>	<u>Totals</u>	
			<u>2001</u>	<u>2000</u>
ASSETS				
Cash and cash equivalents	\$ 3,759,444	\$ 741,995	\$ 4,501,439	\$ 1,423,233
Receivables (net of allowance for uncollectibles):				
Property tax	1,833	-	1,833	-
Occupancy tax	-	61,532	61,532	-
Other	<u>21,040</u>	<u>-</u>	<u>21,040</u>	<u>-</u>
 Total assets	 <u>\$ 3,782,317</u>	 <u>\$ 803,527</u>	 <u>\$ 4,585,844</u>	 <u>\$ 1,423,233</u>
LIABILITIES and FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 801	\$ 801	\$ -
Deferred revenue	22,873	-	22,873	-
Due to other funds	<u>4,697</u>	<u>65,992</u>	<u>70,689</u>	<u>56,703</u>
Total liabilities	<u>27,570</u>	<u>66,793</u>	<u>94,363</u>	<u>56,703</u>
 Fund balances:				
Designated for future construction	3,452,574	-	3,452,574	-
Unreserved, undesignated	<u>302,173</u>	<u>736,734</u>	<u>1,038,907</u>	<u>1,366,530</u>
Total fund balances	<u>3,754,747</u>	<u>736,734</u>	<u>4,491,481</u>	<u>1,366,530</u>
 Total liabilities and fund balances	 <u>\$ 3,782,317</u>	 <u>\$ 803,527</u>	 <u>\$ 4,585,844</u>	 <u>\$ 1,423,233</u>

CITY OF FRISCO
Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended September 30, 2001

	Tax Increment Reinvestment Zone	Hotel/Motel Tax	Totals	
			2001	2000
REVENUES:				
Property tax	\$ 734,619	\$ -	\$ 734,619	\$ 1,106,117
Hotel/Motel tax	-	739,919	739,919	47,244
Intergovernmental	3,257,308	-	3,257,308	-
Interest	<u>94,504</u>	<u>12,819</u>	<u>107,323</u>	<u>31,993</u>
Total revenues	<u>4,086,431</u>	<u>752,738</u>	<u>4,839,169</u>	<u>1,185,354</u>
EXPENDITURES:				
Current:				
General government	<u>1,009,961</u>	<u>7,409</u>	<u>1,017,370</u>	<u>56,704</u>
Total expenditures	<u>1,009,961</u>	<u>7,409</u>	<u>1,017,370</u>	<u>56,704</u>
Excess of revenues over expenditures	<u>3,076,470</u>	<u>745,329</u>	<u>3,821,799</u>	<u>1,128,650</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	17,872	-	17,872	237,880
Operating transfers out	<u>(714,720)</u>	-	<u>(714,720)</u>	-
Total other financing sources (uses)	<u>(696,848)</u>	-	<u>(696,848)</u>	<u>237,880</u>
Excess of revenues and other financing sources over expenditures and other financing uses	2,379,622	745,329	3,124,951	1,366,530
Fund balances, October 1	<u>1,375,125</u>	<u>(8,595)</u>	<u>1,366,530</u>	-
Fund balances, September 30	<u>\$ 3,754,747</u>	<u>\$ 736,734</u>	<u>\$ 4,491,481</u>	<u>\$ 1,366,530</u>



Debt Service Fund

The debt service fund is used to account for the accumulation of resources and payment of general obligation and certificate of obligation bond principal and interest from governmental resources.

CITY OF FRISCO
Debt Service Fund
Comparative Balance Sheets
For the Fiscal Year Ended September 30, 2001
(with comparative totals for September 30, 2000)

	<u>2001</u>	<u>2000</u>
ASSETS		
Cash	\$ 340,822	\$ 258,367
Receivables (net of allowance for uncollectibles):		
Property tax	31,008	22,762
Due from other funds	<u>28,696</u>	<u>849</u>
Total assets	<u><u>\$ 400,526</u></u>	<u><u>\$ 281,978</u></u>
LIABILITIES and EQUITY		
Liabilities:		
Accounts payable	\$ 19	\$ -
Accrued interest payable	28,696	-
Deferred revenues	31,008	22,762
Due to other funds	<u>182,474</u>	<u>597</u>
Total liabilities	<u>242,197</u>	<u>23,359</u>
Equity:		
Fund balance:		
Reserved for debt service	<u>158,329</u>	<u>258,619</u>
Total equity	<u>158,329</u>	<u>258,619</u>
Total liabilities and equity	<u><u>\$ 400,526</u></u>	<u><u>\$ 281,978</u></u>

CITY OF FRISCO

Debt Service Fund

Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Years Ended September 30, 2001

(with comparative totals for September 30, 2000)

	<u>2001</u>	<u>2000</u>
Revenues:		
Taxes:		
Property tax	\$ 2,456,794	\$ 2,269,721
Interest	<u>37,050</u>	<u>39,929</u>
Total revenues	<u>2,493,844</u>	<u>2,309,650</u>
Expenditures:		
Debt service:		
Principal retirement	1,612,600	671,800
Interest and fiscal charges	<u>1,696,254</u>	<u>1,498,213</u>
Total expenditures	<u>3,308,854</u>	<u>2,170,013</u>
Excess (deficiency) of revenues over expenditures	<u>(815,010)</u>	<u>139,637</u>
Other financing sources (uses):		
Operating transfers in	<u>714,720</u>	<u>-</u>
Total other financing sources (uses)	<u>714,720</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	(100,290)	139,637
Fund balance, October 1	<u>258,619</u>	<u>118,982</u>
Fund balance, September 30	<u>\$ 158,329</u>	<u>\$ 258,619</u>

CITY OF FRISCO

Debt Service Fund

Comparative Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Fiscal Years Ended September 30, 2001
(with comparative totals for September 30, 2000)

	2001		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Taxes:			
Property tax	\$ 2,456,649	\$ 2,456,794	\$ 145
Interest	<u>35,127</u>	<u>37,050</u>	<u>1,923</u>
Total revenues	<u>2,491,776</u>	<u>2,493,844</u>	<u>2,068</u>
Expenditures:			
Debt service:			
Principal retirement	2,310,000	1,612,600	697,400
Interest and fiscal charges	<u>3,293,548</u>	<u>1,696,254</u>	<u>1,597,294</u>
Total expenditures	<u>5,603,548</u>	<u>3,308,854</u>	<u>2,294,694</u>
Excess (deficiency) of revenues over expenditures	<u>(3,111,772)</u>	<u>(815,010)</u>	<u>2,296,762</u>
Other financing sources (uses):			
Operating transfers in	<u>3,159,965</u>	<u>714,720</u>	<u>(2,445,245)</u>
Total other financing sources (uses)	<u>3,159,965</u>	<u>714,720</u>	<u>(2,445,245)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	48,193	(100,290)	(148,483)
Fund balance, October 1	<u>258,619</u>	<u>258,619</u>	<u>-</u>
Fund balance, September 30	<u>\$ 306,812</u>	<u>\$ 158,329</u>	<u>\$ (148,483)</u>

2000		
<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
\$ 2,237,525	\$ 2,269,721	\$ 32,196
<u>4,475</u>	<u>39,929</u>	<u>35,454</u>
<u>2,242,000</u>	<u>2,309,650</u>	<u>67,650</u>
671,800	671,800	-
<u>1,567,175</u>	<u>1,498,213</u>	<u>68,962</u>
<u>2,238,975</u>	<u>2,170,013</u>	<u>68,962</u>
<u>3,025</u>	<u>139,637</u>	<u>136,612</u>
<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>
3,025	139,637	136,612
<u>118,982</u>	<u>118,982</u>	<u>-</u>
<u>\$ 122,007</u>	<u>\$ 258,619</u>	<u>\$136,612</u>



Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Capital Projects Fund - This fund accounts for the financing and construction of various infrastructure projects. Proceeds from the sale of general obligation and certificate of obligation bonds, contributions and impact fees provide the financing.

Impact Fees Fund - This fund accounts for the collection of impact fees and park dedication fees, which are transferred to the Capital Projects Fund as needed to fund infrastructure.

CITY OF FRISCO
Capital Projects Funds
Combining Balance Sheet
September 30, 2001
(With Comparative Totals for September, 2000)

	Capital	Impact	<u>Totals</u>	
	<u>Projects</u>	<u>Fees</u>	<u>2001</u>	<u>2000</u>
ASSETS				
Cash and cash equivalents	\$ 8,845,930	\$ 7,572,775	\$ 16,418,705	\$ 19,150,718
Receivables (net of allowance for uncollectibles):				
Bond proceeds	25,934,200	-	25,934,200	-
Other - accrued interest	28,696	-	28,696	-
Due from other governments	674,110	-	674,110	2,299,825
Due from component unit	<u>22,270</u>	<u>-</u>	<u>22,270</u>	<u>292,757</u>
Total assets	<u>\$ 35,505,206</u>	<u>\$ 7,572,775</u>	<u>\$ 43,077,981</u>	<u>\$ 21,743,300</u>
LIABILITIES and EQUITY				
Liabilities:				
Account payable	\$ 1,610,495	\$ -	\$ 1,610,495	\$ 1,376,234
Retainage payable	649,729	-	649,729	331,597
Deferred revenue	2,697,930	-	2,697,930	704,371
Monies held in escrow	-	451,619	451,619	342,233
Due to other funds	<u>7,853,595</u>	<u>144,776</u>	<u>7,998,371</u>	<u>6,092,277</u>
Total liabilities	<u>12,811,749</u>	<u>596,395</u>	<u>13,408,144</u>	<u>8,846,712</u>
Equity:				
Reserved for encumbrances	737,023	-	737,023	-
Designated for future construction	<u>21,956,434</u>	<u>6,976,380</u>	<u>28,932,814</u>	<u>12,896,588</u>
Total equity	<u>22,693,457</u>	<u>6,976,380</u>	<u>29,669,837</u>	<u>12,896,588</u>
Total liabilities and equity	<u>\$ 35,505,206</u>	<u>\$ 7,572,775</u>	<u>\$ 43,077,981</u>	<u>\$ 21,743,300</u>

CITY OF FRISCO
Capital Projects Funds
Combining Statements of Revenues, Expenditures, and
Changes in Fund Balances
For the Fiscal Years Ended September 30, 2001
(With comparative totals for September, 2000)

	<u>Capital Projects</u>	<u>Impact Fees</u>	<u>2001</u>	<u>2000</u>
REVENUES:				
Impact fees	\$ -	\$ 1,786,300	\$ 1,786,300	\$ 6,460,240
Interest	398,047	361,893	759,940	1,275,961
Intergovernmental	2,008,736	-	2,008,736	3,022,312
Contributions	419,610	714,736	1,134,346	3,022,312
Miscellaneous	87,682	26,312	113,994	65,560
Total revenues	<u>2,914,075</u>	<u>2,889,241</u>	<u>5,803,316</u>	<u>13,846,385</u>
EXPENDITURES:				
Capital outlay	16,709,138	-	16,709,138	16,618,309
Interest and fiscal charges	114,000	-	114,000	-
Total expenditures	<u>16,823,138</u>	<u>-</u>	<u>16,823,138</u>	<u>16,618,309</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,909,063)</u>	<u>2,889,241</u>	<u>(11,019,822)</u>	<u>(2,771,924)</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	3,427,666	-	3,427,666	5,896,907
Operating transfers out	-	(1,370,992)	(1,370,992)	(6,908,997)
Operating transfers in - component unit	660,145	-	660,145	-
Operating transfers out - component unit	-	(971,948)	(971,948)	-
General obligation bond proceeds	26,048,200	-	26,048,200	-
Total other financing sources (uses)	<u>30,136,011</u>	<u>(2,342,940)</u>	<u>27,793,071</u>	<u>(1,012,090)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	16,226,948	546,301	16,773,249	(3,784,014)
Fund balances, October 1	<u>6,466,509</u>	<u>6,430,079</u>	<u>12,896,588</u>	<u>19,702,914</u>
Fund balances, September 30	<u>\$ 22,693,457</u>	<u>\$ 6,976,380</u>	<u>\$ 29,669,837</u>	<u>\$ 15,918,900</u>

CITY OF FRISCO
Capital Projects Funds
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Fiscal Year Ended September 30, 2001

	Capital Projects		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Impact fees	\$ -	\$ -	\$ -
Interest	800,000	398,047	(401,953)
Intergovernmental	2,008,737	2,008,737	-
Contributions	2,378,836	419,609	(1,959,227)
Miscellaneous	<u>75,000</u>	<u>87,682</u>	<u>12,682</u>
Total revenues	<u>5,262,573</u>	<u>2,914,075</u>	<u>(2,348,498)</u>
EXPENDITURES:			
Capital outlay	25,699,329	16,709,138	8,990,191
Interest and fiscal charges	<u>-</u>	<u>114,000</u>	<u>(114,000)</u>
Total expenditures	<u>25,699,329</u>	<u>16,823,138</u>	<u>8,876,191</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(20,436,756)</u>	<u>(13,909,063)</u>	<u>6,527,693</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	5,120,957	3,427,666	(1,693,291)
Operating transfers out	-	-	-
Operating transfers in - component unit	-	660,145	660,145
Operating transfers out - component unit	-	-	-
General obligation bond proceeds	<u>15,000,000</u>	<u>26,048,200</u>	<u>11,048,200</u>
Total other financing sources (uses)	<u>20,120,957</u>	<u>30,136,011</u>	<u>10,015,054</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	<u>(315,799)</u>	<u>16,226,948</u>	<u>16,542,747</u>
Fund balances, October 1	<u>6,466,509</u>	<u>6,466,509</u>	<u>-</u>
Fund balances, September 30	<u>\$ 6,150,710</u>	<u>\$ 22,693,457</u>	<u>\$16,542,747</u>

Impact Fees			Totals		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$1,600,000	\$ 1,786,300	\$ 186,300	\$ 1,600,000	\$ 1,786,300	\$ 186,300
300,000	361,893	61,893	1,100,000	759,940	(340,060)
-	-	-	2,008,737	2,008,737	-
600,000	714,736	114,736	2,978,836	1,134,345	(1,844,491)
-	26,312	26,312	75,000	113,994	38,994
<u>2,500,000</u>	<u>2,889,241</u>	<u>389,241</u>	<u>7,762,573</u>	<u>5,803,316</u>	<u>(1,959,257)</u>
-	-	-	25,699,329	16,709,138	8,990,191
-	-	-	-	114,000	(114,000)
-	-	-	<u>25,699,329</u>	<u>16,823,138</u>	<u>8,876,191</u>
<u>2,500,000</u>	<u>2,889,241</u>	<u>389,241</u>	<u>(17,936,756)</u>	<u>(11,019,822)</u>	<u>6,916,934</u>
-	-	-	5,120,957	3,427,666	(1,693,291)
(1,848,472)	(1,370,992)	477,480	(1,848,472)	(1,370,992)	477,480
-	-	-	-	660,145	660,145
-	(971,948)	(971,948)	-	(971,948)	(971,948)
-	-	-	15,000,000	26,048,200	11,048,200
<u>(1,848,472)</u>	<u>(2,342,940)</u>	<u>(494,468)</u>	<u>18,272,485</u>	<u>27,793,071</u>	<u>9,520,586</u>
651,528	546,301	(105,227)	335,729	16,773,249	16,437,520
<u>6,430,079</u>	<u>6,430,079</u>	<u>-</u>	<u>12,896,588</u>	<u>12,896,588</u>	<u>-</u>
<u>\$7,081,607</u>	<u>\$ 6,976,380</u>	<u>\$ (105,227)</u>	<u>\$13,232,317</u>	<u>\$ 29,669,837</u>	<u>\$16,437,520</u>



FRISCO

Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Water and Sewer Fund - This fund is used to account for the provision of water and sewer services to the residents of the government. All activities necessary to provide such services are accounted for in this fund, including, but not limited to , administration, operations, maintenance, financing and related debt service, and billing and collection.

Superdome Enterprise Fund - This fund is used to account for activities of the facilities used for hosting national and international bicycling races.

CITY OF FRISCO
Enterprise Funds
Combining Balance Sheet
September 30, 2001
(With comparative totals for September, 2000)

			<u>Totals</u>	
	<u>Water & Sewer</u>	<u>Superdrome</u>	<u>2001</u>	<u>2000</u>
ASSETS				
Assets:				
Cash and cash equivalents	\$11,023,844	\$ 1,869,605	\$ 12,893,449	\$ 4,798,195
Receivables (net of allowance for uncollectibles):				
Utility bills	2,900,910		2,900,910	2,505,326
Other	32,408		32,408	
Due from other funds	1,770,289		1,770,289	286,247
Inventory	168,032		168,032	-
Restricted assets:				
Cash and cash equivalents	2,151,207		2,151,207	1,444,170
Deferred charges	127,384		127,384	54,450
Property, plant and equipment:				
Land	4,889,478		4,889,478	3,868,358
Vehicles, machinery & eqpmt.	1,995,958		1,995,958	1,602,120
Building & improvements	207,399	2,917,139	3,124,538	3,116,405
Improvements other than bldgs.	28,965,869		28,965,869	28,965,869
Construction-in-progress	10,279,914		10,279,914	1,251,576
Less: accumulated depreciation	<u>(7,021,059)</u>	<u>(252,073)</u>	<u>(7,273,132)</u>	<u>(6,210,319)</u>
Total assets	<u>\$57,491,633</u>	<u>\$ 4,534,671</u>	<u>\$ 62,026,304</u>	<u>\$41,682,397</u>

CITY OF FRISCO
Enterprise Funds
Combining Balance Sheet
September 30, 2001
(With comparative totals for September, 2000)

	Water & Sewer	Superdrome	Totals	
			<u>2001</u>	<u>2000</u>
LIABILITIES and EQUITY				
Liabilities:				
Accounts payable	\$ 668,620	\$ 6,390	\$ 675,010	\$ 43,304
Accrued liabilities	112,091	-	112,091	46,230
Compensated absences payable	158,468	19,650	178,118	162,286
Payable from restricted assets:				
Note payable - current	3,456		3,456	3,017
Certificates of obligation bonds payable - current	884,100		884,100	477,400
Deposits	1,263,651		1,263,651	963,753
Due to other funds		802	802	12,477
Notes payable	60,523		60,523	64,280
Certificates of obligation bonds payable	<u>20,535,700</u>	<u>-</u>	<u>20,535,700</u>	<u>6,419,800</u>
Total liabilities	<u>23,686,609</u>	<u>26,842</u>	<u>23,713,451</u>	<u>8,192,547</u>
Equity:				
Contributed capital	8,960,777	2,120,000	11,080,777	11,080,777
Retained earnings:				
Unreserved	<u>24,844,247</u>	<u>2,387,829</u>	<u>27,232,076</u>	<u>22,409,073</u>
Total equity	<u>33,805,024</u>	<u>4,507,829</u>	<u>38,312,853</u>	<u>33,489,850</u>
Total liabilities and equity	<u>\$57,491,633</u>	<u>\$ 4,534,671</u>	<u>\$ 62,026,304</u>	<u>\$ 41,682,397</u>

CITY OF FRISCO
 Enterprise Funds
 Combining Statement of Revenues, Expenses and
 Changes in Retained Earnings
 For the Fiscal Year Ended September 30, 2001
 (With comparative totals for the fiscal year ended September 30, 2000)

	Water and Sewer Fund	Superdrome Fund	Totals	
			<u>2001</u>	<u>2000</u>
Operating revenues:				
Water sales	\$ 10,115,640	\$ -	\$ 10,115,640	\$ 8,228,253
Sewer charges	3,362,960	-	3,362,960	2,560,217
Service charges	160,412	-	160,412	158,495
Sanitation charges	2,714,619	-	2,714,619	1,775,601
Water and sewer connections	376,940	-	376,940	431,510
Inspection fees	1,439,932	-	1,439,932	997,619
Ticket sales	-	-	-	20,482
Sponsorships and cycling	-	53,818	53,818	256,240
Miscellaneous	27,487	44,770	72,257	128,471
Total operating revenues	<u>18,197,990</u>	<u>98,588</u>	<u>18,296,578</u>	<u>14,556,888</u>
Operating expenses:				
Cost of sales and services	8,102,585		8,102,585	5,967,915
Administration	4,015,025	270,246	4,285,271	4,069,429
Depreciation	989,886	72,928	1,062,814	928,415
Amortization	8,233	-	8,233	4,175
Total operating expenses	<u>13,115,729</u>	<u>343,174</u>	<u>13,458,903</u>	<u>10,969,934</u>
Operating income/(loss)	<u>5,082,261</u>	<u>(244,586)</u>	<u>4,837,675</u>	<u>3,586,954</u>
Nonoperating revenues (expenses):				
Interest revenue	712,223	99,019	811,242	365,070
Other revenues	32,408	-	32,408	-
Interest expense	(858,322)	-	(858,322)	(396,949)
Total nonoperating revenues (expenses)	<u>(113,691)</u>	<u>99,019</u>	<u>(14,672)</u>	<u>(31,879)</u>
Net income/(loss) before operating transfers	4,968,570	(145,567)	4,823,003	3,555,075
Operating transfers:				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,272,949</u>
Net income/(loss)	4,968,570	(145,567)	4,823,003	6,828,024
Retained earnings, October 1	<u>19,875,677</u>	<u>2,533,396</u>	<u>22,409,073</u>	<u>15,581,049</u>
Retained earnings, September 30	<u>\$ 24,844,247</u>	<u>\$ 2,387,829</u>	<u>\$ 27,232,076</u>	<u>\$ 22,409,073</u>

CITY OF FRISCO
 Enterprise Funds
 Combining Statement of Cash Flows
 For the Fiscal Year Ended September 30, 2001
 (With comparative totals for the fiscal year ended September 30, 2000)

	Water and <u>Sewer Fund</u>	Superdrome <u>Fund</u>	<u>Totals</u> <u>2001</u>	<u>2000</u>
Operating income/(loss)	\$ 5,082,261	\$ (244,586)	\$ 4,837,675	\$ 3,586,954
Adjustments to reconcile operating income to net cash provided by operating activities:				
Amortization expense	8,233	-	8,233	4,175
Depreciation expense	989,886	72,928	1,062,814	928,415
Increase in accounts receivable - utilities	(395,584)	-	(395,584)	(1,110,196)
Increase in accounts receivable - other	(32,408)	-	(32,408)	-
Increase in meter inventory	(168,032)	-	(168,032)	-
Net increase in customer deposits	299,898	-	299,898	39,199
Increase/(decrease) in accounts payable	644,419	(12,713)	631,706	26,996
Increase/(decrease) in accrued liabilities	65,861	-	65,861	(5,665)
Increase in compensated absences payable	5,412	10,420	15,832	59,727
Net cash provided by (used for) operating activities	<u>6,499,946</u>	<u>(173,951)</u>	<u>6,325,995</u>	<u>3,529,605</u>
Cash flows from noncapital financing activities:				
Proceeds of interfund borrowing/(loans)	(1,484,042)	(11,675)	(1,495,717)	84,540
Proceeds from other sources	32,408	-	32,408	-
Operating transfers from other funds	-	-	-	3,272,949
Net cash provided by (used for) financing activities	<u>(1,451,634)</u>	<u>(11,675)</u>	<u>(1,463,309)</u>	<u>3,357,489</u>
Cash flows from capital and related financing activities:				
Proceeds from issuance of bonds	15,000,000	-	15,000,000	-
Bond issuance costs	(81,168)	-	(81,168)	-
Principal paid on bonds and notes	(480,718)	-	(480,718)	(582,832)
Capital expenditures (including capitalized interest)	(10,451,429)	-	(10,451,429)	(8,662,938)
Interest paid on bonds and notes	(858,322)	-	(858,322)	(396,949)
Contributed capital	-	-	-	2,120,000
Net cash provided by (used for) capital and related financing activities	<u>3,128,363</u>	<u>-</u>	<u>3,128,363</u>	<u>(7,522,719)</u>
Cash flows from investing activities:				
Interest on deposits and investments	712,223	99,019	811,242	365,070
Net cash provided by investing activities	<u>712,223</u>	<u>99,019</u>	<u>811,242</u>	<u>365,070</u>
Net increase (decrease) in cash and cash equivalents	8,888,898	(86,607)	8,802,291	(270,555)
Cash and cash equivalents, October 1	<u>4,286,153</u>	<u>1,956,212</u>	<u>6,242,365</u>	<u>6,512,920</u>
Cash and cash equivalents, September 30	<u>\$13,175,051</u>	<u>\$ 1,869,605</u>	<u>\$15,044,656</u>	<u>\$ 6,242,365</u>

CITY OF FRISCO
Water and Sewer Enterprise Fund
Comparative Balance Sheets
September 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
ASSETS and OTHER DEBITS		
Assets:		
Cash and cash equivalents	\$ 11,023,844	\$ 2,841,983
Receivables (net of allowance for uncollectibles):		
Utility Bills	2,900,910	2,505,326
Others	32,408	
Due from other funds	1,770,289	286,247
Inventory	168,032	-
Restricted assets:		
Cash and cash equivalents	2,151,207	1,444,170
Deferred charges	127,384	54,450
Property, plant and equipment		
Land	4,889,478	3,868,358
Vehicles, machinery and equipment	1,995,958	1,602,120
Buildings and improvements	207,399	199,266
Improvements other than buildings	28,965,869	28,965,869
Contrstrucion-in-progress	10,279,914	1,251,576
Less: accumulated depreciation	<u>(7,021,059)</u>	<u>(6,031,174)</u>
Total assets and other debits	<u>\$ 57,491,633</u>	<u>\$ 36,988,191</u>

CITY OF FRISCO
Water and Sewer Enterprise Fund
Comparative Balance Sheets
September 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
LIABILITIES, EQUITY and OTHER CREDITS		
Liabilities:		
Accounts payable	\$ 668,620	\$ 24,201
Accrued liabilities	112,091	46,230
Compensated absences payable	158,468	153,056
Payable from restricted assets:		
Note payable - current	3,456	3,017
Certificates of obligation payable - current	884,100	477,400
Deposits	1,263,651	963,753
Note payable	60,523	64,280
Certificates of obligation bonds payable	<u>20,535,700</u>	<u>6,419,800</u>
Total liabilities	<u>23,686,609</u>	<u>8,151,737</u>
Equity and other credits:		
Contributed capital	8,960,777	8,960,777
Retained earnings:		
Unreserved	<u>24,844,247</u>	<u>19,875,677</u>
Total equity and other credits	<u>33,805,024</u>	<u>28,836,454</u>
Total liabilities, equity and other credits	<u>\$ 57,491,633</u>	<u>\$ 36,988,191</u>

CITY OF FRISCO
Water and Sewer Enterprise Fund
Comparative Statements of Revenues, Expenses and Changes in Retained Earnings
For the Fiscal Years Ended September 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Operating revenues:		
Water sales	\$ 10,115,640	\$ 8,228,253
Sewer charges	3,362,960	2,560,217
Service charges	160,412	158,495
Sanitation charges	2,714,619	1,775,601
Water and sewer connections	376,940	431,510
Inspection fees	1,439,932	997,619
Miscellaneous	<u>27,487</u>	<u>124,986</u>
Total operating revenues	<u>18,197,990</u>	<u>14,276,681</u>
Operating expenses:		
Cost of sales and services	8,102,585	5,967,915
Administration	4,015,025	3,315,190
Depreciation	989,886	855,487
Amortization	<u>8,233</u>	<u>4,175</u>
Total operating expenses	<u>13,115,729</u>	<u>10,142,767</u>
Operating income	<u>5,082,261</u>	<u>4,133,914</u>
Nonoperating revenues (expenses):		
Interest revenue	712,223	275,625
Other sources	32,408	-
Interest expense	<u>(858,322)</u>	<u>(396,949)</u>
Total nonoperating revenues (expenses)	<u>(113,691)</u>	<u>(121,324)</u>
Income before operating transfers	4,968,570	4,012,590
Operating transfers:		
Transfers in	<u>-</u>	<u>3,272,949</u>
Net income	4,968,570	7,285,539
Retained earnings, October 1	<u>19,875,677</u>	<u>12,590,138</u>
Retained earnings, September 30	<u>\$ 24,844,247</u>	<u>\$ 19,875,677</u>

CITY OF FRISCO
Water and Sewer Enterprise Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended September 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Operating income	\$ 5,082,261	\$ 4,133,914
Adjustments to reconcile operating income to net cash provided by operating activities:		
Amortization expense	8,233	4,175
Depreciation expense	989,886	855,487
Increase in accounts receivable - utilities	(395,584)	(1,110,196)
Increase in accounts receivable - other	(32,408)	-
Increase in meter inventory	(168,032)	-
Net increase in customer deposits	299,898	39,199
Increase/(decrease) in accounts payable	644,419	7,892
Increase/(decrease) in accrued liabilities	65,861	(5,665)
Increase in compensated absences payable	5,412	50,497
Net cash provided by (used for) operating activities	<u>6,499,946</u>	<u>3,975,303</u>
Cash flows from noncapital financing activities:		
Proceeds of interfund borrowing/(loans)	(1,484,042)	72,228
Proceeds from other sources	32,408	-
Operating transfers from other funds	-	<u>3,272,949</u>
Net cash provided by (used for) financing activities	<u>(1,451,634)</u>	<u>3,345,177</u>
Cash flows from capital and related financing activities:		
Proceeds from issuance of bonds	15,000,000	-
Bond issuance costs	(81,168)	-
Principal paid on bonds and notes	(480,718)	(477,832)
Capital expenditures (including capitalized interest)	(10,451,429)	(8,662,938)
Interest paid on bonds and notes	(858,322)	(396,949)
Net cash provided by (used for) capital and related financing activities	<u>3,128,363</u>	<u>(9,537,719)</u>
Cash flows from invensting activities:		
Interest on deposits and investments	<u>712,223</u>	<u>275,625</u>
Net cash provided by investing activities	<u>712,223</u>	<u>275,625</u>
Net increase (decrease) in cash and cash equivalents	8,888,898	(1,941,614)
Cash and cash equivalents, October 1	<u>4,286,153</u>	<u>6,227,767</u>
Cash and cash equivalents, September 30	<u>\$ 13,175,051</u>	<u>\$ 4,286,153</u>

CITY OF FRISCO
 Superdrome Enterprise Fund
 Comparative Balance Sheets
 September 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
ASSETS and OTHER DEBITS		
Assets:		
Cash and cash equivalents	\$ 1,869,605	\$ 1,956,212
Property, plant and equipment		
Buildings and improvements	2,917,139	2,917,139
Less: accumulated depreciation	<u>(252,073)</u>	<u>(179,145)</u>
Total assets and other debits	<u>\$ 4,534,671</u>	<u>\$ 4,694,206</u>
LIABILITIES, EQUITY and OTHER CREDITS		
Liabilities:		
Accounts payable	\$ 6,390	\$ 19,103
Compensated absences payable	19,650	9,230
Due to other funds	<u>802</u>	<u>12,477</u>
Total liabilities	<u>26,842</u>	<u>40,810</u>
Equity and other credits:		
Contributed capital	2,120,000	2,120,000
Retained earnings:		
Unreserved	<u>2,387,829</u>	<u>2,533,396</u>
Total equity and other credits	<u>4,507,829</u>	<u>4,653,396</u>
Total liabilities, equity and other credits	<u>\$ 4,534,671</u>	<u>\$ 4,694,206</u>

CITY OF FRISCO
Superdome Enterprise Fund
Comparative Statements of Revenues, Expenses and Changes in Retained Earnings
For the Fiscal Years Ended September 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Operating revenues:		
Ticket sales	\$ -	\$ 20,482
Sponsorships	53,818	256,240
Miscellaneous	44,770	3,485
Total operating revenues	<u>98,588</u>	<u>280,207</u>
Operating expenses:		
Administration	270,246	754,239
Depreciation	72,928	72,928
Total operating expenses	<u>343,174</u>	<u>827,167</u>
Operating income/(loss)	<u>(244,586)</u>	<u>(546,960)</u>
Nonoperating revenues (expenses):		
Interest revenue	99,019	89,445
Other sources	-	-
Total nonoperating revenues (expenses)	<u>99,019</u>	<u>89,445</u>
Net income (loss)	(145,567)	(457,515)
Retained earnings, October 1	<u>2,533,396</u>	<u>2,990,911</u>
Retained earnings, September 30	<u>\$ 2,387,829</u>	<u>\$ 2,533,396</u>

CITY OF FRISCO
Superdrome Enterprise Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended September 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Operating income/(loss)	\$ (244,586)	\$ (546,960)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Depreciation expense	72,928	72,928
Increase in accounts payable	(12,713)	19,104
Increase in compensated absences payable	<u>10,420</u>	<u>9,230</u>
Net cash used for operating activities	<u>(173,951)</u>	<u>(445,698)</u>
Cash flows from noncapital financing activities:		
Proceeds of interfund borrowing	(11,675)	12,312
Net cash provided by (used for) noncapital financing activities	<u>(11,675)</u>	<u>12,312</u>
Cash flows from capital and related financing activities:		
Principal paid on note	-	(105,000)
Contributed capital	<u>-</u>	<u>2,120,000</u>
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>2,015,000</u>
Cash flows from investing activities:		
Interest on deposits and investments	<u>99,019</u>	<u>89,445</u>
Net cash provided by investing activities	<u>99,019</u>	<u>89,445</u>
Net increase (decrease) in cash and cash equivalents	(86,607)	1,671,059
Cash and cash equivalents, October 1	<u>1,956,212</u>	<u>285,153</u>
Cash and cash equivalents, September 30	<u>\$ 1,869,605</u>	<u>\$ 1,956,212</u>

General Fixed Assets Account Group

General Fixed Assets Account Group - provides accountability for the City's general fixed assets. A fixed asset is accounted for in this account when it has been purchased using general government resources and is used for general government purposes. Assets are recorded at historical cost or if not available, estimated historical cost if purchased or fair market value if donated. No depreciation is recognized on these assets.



CITY OF FRISCO
 Comparative of General Fixed Assets - By Source
 As of September 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
General fixed assets:		
Land	\$ 15,849,396	\$ 21,863,805
Vehicles, machinery, and equipment	10,535,089	8,935,004
Buildings and improvements	5,577,896	5,577,896
Improvements other than buildings	23,633,939	11,412,455
Construction in progress	<u>10,024,551</u>	<u>12,203,859</u>
Total general fixed assets	<u>\$ 65,620,871</u>	<u>\$ 59,993,019</u>
 Investment in general fixed assets by source:		
Capital project funds - general obligation bonds	\$ 55,164,121	\$ 38,702,804
Federal grants, including revenue sharing	516,246	516,246
General fund revenues	6,825,627	6,198,336
State grants	458,436	458,436
Contributed capital	1,098,656	1,098,656
Community development corporation	101,835	3,004,804
Economic development corporation	<u>1,455,950</u>	<u>10,013,737</u>
Total investment in general fixed assets	<u>\$ 65,620,871</u>	<u>\$ 59,993,019</u>

CITY OF FRISCO
Schedule of General Fixed Assets - By Function and Activity
As of September 30, 2001

	<u>Land</u>	<u>Vehicles Machinery and Equipment</u>	<u>Buildings and Improvements</u>
General government:			
General and administrative	\$ 1,546,501	\$ 145,414	\$ 678,707
Court	-	2,240	101,290
Other - unclassified	<u>1,731,375</u>	<u>4,326,969</u>	<u>1,795,037</u>
Total general government	<u>3,277,876</u>	<u>4,474,623</u>	<u>2,575,034</u>
Public Safety			
Police	-	2,030,641	-
Fire and EMS	<u>382,491</u>	<u>1,887,630</u>	<u>2,785,269</u>
Total public safety	<u>382,491</u>	<u>3,918,271</u>	<u>2,785,269</u>
Public works:			
Streets	-	1,285,187	-
Planning	-	200,270	-
Building inspection	<u>-</u>	<u>187,141</u>	<u>-</u>
Total public works	<u>-</u>	<u>1,672,598</u>	<u>-</u>
Cultural and recreational:			
Library	-	8,740	62,512
Parks	12,189,029	412,904	-
Recreation	<u>-</u>	<u>47,952</u>	<u>155,081</u>
Total cultural and recreational	<u>12,189,029</u>	<u>469,596</u>	<u>217,593</u>
 Total	 <u>\$ 15,849,396</u>	 <u>\$ 10,535,088</u>	 <u>\$ 5,577,896</u>

<u>Improvements other than Buildings</u>	<u>Construction in Progress</u>	<u>Totals</u>
\$ 307,970	\$ -	\$ 2,678,592
-	-	103,530
<u>2,457,909</u>	<u>-</u>	<u>10,311,290</u>
<u>2,765,879</u>	<u>-</u>	<u>13,093,412</u>
-	-	2,030,641
-	<u>139,723</u>	<u>5,195,113</u>
-	<u>139,723</u>	<u>7,225,754</u>
20,345,694	9,855,061	31,485,942
-	-	200,270
-	-	<u>187,141</u>
<u>20,345,694</u>	<u>9,855,061</u>	<u>31,873,353</u>
-	-	71,252
522,367	29,767	13,154,067
-	-	<u>203,033</u>
<u>522,367</u>	<u>29,767</u>	<u>13,428,352</u>
<u>\$ 23,633,940</u>	<u>\$ 10,024,551</u>	<u>\$ 65,620,871</u>

CITY OF FRISCO

Schedule of Changes in General Fixed Assets - By Function and Activity
For Fiscal Year Ended September 30, 2001

	<u>October 1</u>	<u>Additions</u>	<u>Retirements</u> <u>Other Deductions</u>	<u>Transfers</u>	<u>September 30</u>
General government:					
General and administrative	\$ 2,005,616	\$ 672,976	\$ -	\$ -	\$ 2,678,592
Court	103,530	-	-	-	103,530
Other - unclassified	18,869,077	-	(8,557,787)	-	10,311,290
Total general government	<u>20,978,223</u>	<u>672,976</u>	<u>(8,557,787)</u>	<u>-</u>	<u>13,093,412</u>
Public Safety					
Police and police reserve	1,782,869	289,438	(41,666)	-	2,030,641
Fire and ambulance	3,745,319	1,310,071	-	-	5,055,390
Total public safety	<u>5,528,188</u>	<u>1,599,509</u>	<u>(41,666)</u>	<u>-</u>	<u>7,086,031</u>
Public works:					
Streets	6,813,864	55,337	-	15,031,290	21,900,491
Planning	16,550	183,720	-	-	200,270
Building inspection	159,331	27,810	-	-	187,141
Total public works	<u>6,989,745</u>	<u>266,867</u>	<u>-</u>	<u>15,031,290</u>	<u>22,287,902</u>
Cultural and recreational:					
Library	64,226	7,026	-	-	71,252
Parks	14,040,152	1,729,905	(2,961,118)	45,751	12,854,690
Recreation	188,626	14,407	-	-	203,033
Total cultural and recreational	<u>14,293,004</u>	<u>1,751,338</u>	<u>(2,961,118)</u>	<u>45,751</u>	<u>13,128,975</u>
Total general fixed assets allocated to functions	<u>47,789,160</u>	<u>4,290,690</u>	<u>(11,560,571)</u>	<u>15,077,041</u>	<u>55,596,320</u>
Construction in progress	<u>12,203,859</u>	<u>12,897,733</u>	<u>-</u>	<u>(15,077,041)</u>	<u>10,024,551</u>
Total general fixed assets	<u>\$ 59,993,019</u>	<u>\$ 17,188,423</u>	<u>\$ (11,560,571)</u>	<u>\$ -</u>	<u>\$ 65,620,871</u>

STATISTICAL SECTION

STATISTICAL SECTION

Tables in the statistical section reflect social and economic data, financial trends, and the fiscal capacity of the city.

CITY OF FRISCO
General Governmental Expenditures by Function
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Culture and Recreation</u>	<u>Urban Redevelopment</u>
1992	\$ 569,221	\$1,179,483	\$ 526,599	\$ 279,031	\$ 5,957
1993	810,564	1,297,625	500,787	318,738	88,708
1994	921,118	2,003,589	1,116,290	301,248	-
1995	1,017,726	2,196,587	843,064	322,073	-
1996	1,169,340	2,713,002	1,215,596	487,150	-
1997	1,143,924	3,623,344	1,109,425	611,479	198,177
1998	2,048,717	4,400,912	1,449,922	792,567	203,021
1999	3,127,045	4,774,979	1,416,328	997,395	25,979
2000	3,385,885	6,600,951	1,657,035	1,338,255	-
2001	5,623,480	8,290,177	2,011,215	1,955,253	-

Table 1

<u>Capital Expenditures</u>	<u>Debt Service</u>	<u>Total</u>
\$ 307,433	\$ 489,915	\$ 3,357,639
1,125,720	475,009	4,617,151
1,610,295	459,372	6,411,912
5,643,363	660,605	10,683,418
13,274,232	1,035,463	19,894,783
5,704,541	846,047	13,236,937
12,692,006	1,317,566	22,904,711
12,008,597	1,284,617	23,634,940
16,618,309	2,775,138	32,375,573
17,578,758	4,628,729	40,087,612

CITY OF FRISCO
General Governmental Revenues by Function
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Building Inspection</u>	<u>Impact Fees</u>	<u>Inter- governmental</u>	<u>Public Safety</u>	<u>Planning and Zoning</u>
1992	\$ 2,760,767	\$ 655,080	\$ -	\$ -	\$ 321,292	\$ -
1993	3,373,799	667,598	323,662	178,614	366,942	-
1994	4,221,835	896,110	821,692	114,874	368,217	-
1995	5,330,446	1,004,869	1,317,854	922,519	380,874	-
1996	6,993,306	1,808,810	891,793	265,000	383,026	-
1997	6,472,650	2,063,139	971,443	335,080	474,125	-
1998	8,369,800	3,145,892	2,783,862	271,421	401,142	-
1999	9,835,281	4,468,212	2,805,667	338,188	558,325	-
2000	14,875,385	4,673,851	6,460,240	415,212	1,161,624	359,477
2001	23,796,343	5,287,620	1,786,300	5,266,045	1,599,585	350,961

Table 2

<u>Culture and Recreation</u>	<u>Interest</u>	<u>Miscellaneous</u>	<u>Contributions</u>	<u>Total</u>
\$ -	\$ 122,242	\$ 124,412	\$ 4,046,125	\$ 8,029,918
9,213	132,894	60,748	13,343	5,126,813
-	179,127	12,165	720,000	7,334,020
-	675,818	2,834	180,000	9,815,214
-	886,980	39,051	174,434	11,442,400
-	799,174	69,811	3,375,961	14,561,383
-	1,143,608	102,163	90,042	16,307,930
-	1,232,915	191,803	-	19,430,391
76,767	1,928,019	99,284	3,022,312	33,072,171
221,869	1,567,937	168,086	1,134,345	41,179,091



Table 2A

CITY OF FRISCO
General Governmental Tax Revenues by Source (1)
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>		<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Other Tax</u>	<u>Total</u>
1992		\$ 1,596,082	\$ 950,416	\$ 206,455	\$ 7,814	\$ 2,760,767
1993		1,789,531	1,329,880	247,908	6,480	3,373,799
1994		2,245,148	1,570,010	393,125	13,552	4,221,835
1995		2,479,866	2,366,532	466,770	17,278	5,330,446
1996		3,447,748	2,966,923	558,763	19,872	6,993,306
1997		4,018,619	1,748,957	682,601	22,473	6,472,650
1998		5,076,096	2,265,984	1,001,600	26,120	8,369,800
1999		5,933,144	2,722,408	1,149,130	30,599	9,835,281
2000	(2)	9,617,550	3,762,000	1,360,977	134,858	14,875,385
2001	(3)	12,177,418	8,413,550	2,287,545	917,830	23,796,343

(1) Includes all governmental fund types.

(2) Includes tax increment reinvestment zone tax collections of \$1,106,117.

(3) Includes tax increment reinvestment zone tax collections of \$734,619.

CITY OF FRISCO
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>
1992	\$ 1,576,902	\$ 1,543,569	97.9%	\$ 52,513
1993	1,755,788	1,727,392	98.4%	62,139
1994	2,045,197	2,193,501 (1)	107.3%	27,591
1995	2,420,169	2,439,725 (2)	100.8%	20,461
1996	3,319,251	3,408,565 (3)	102.7%	15,258
1997	3,941,023	3,976,882 (4)	100.9%	13,573
1998	4,888,818	4,987,369 (5)	102.0%	34,454
1999	5,630,938	5,824,429 (6)	103.4%	51,930
2000	7,991,131	7,931,546 (7)	99.3%	43,946
2001	11,303,893	11,285,270 (8)	99.8%	55,406

(1) Includes rollbacks of \$162,934.

(2) Includes rollbacks of \$37,310.

(3) Includes rollbacks of \$101,594.

(4) Includes rollbacks of \$55,499.

(5) Includes rollbacks of \$139,983.

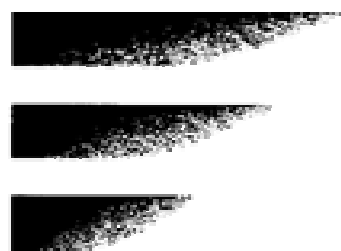
(6) Includes rollbacks of \$244,556.

(7) Includes rollbacks of \$445,508.

(8) Includes rollbacks of \$664,099.

Table 3

<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections to Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Tax Levy</u>
\$ 1,596,082	101.2%	\$ 84,267	5.3%
1,789,531	101.9%	85,972	4.9%
2,221,092	108.6%	91,313	4.5%
2,460,186	101.7%	62,080	2.6%
3,423,823	103.2%	48,218	1.5%
3,990,455	101.3%	57,608	1.5%
5,021,823	102.7%	64,561	1.3%
5,876,359	104.4%	74,793	1.3%
7,975,492	99.8%	93,258	1.2%
11,340,676	100.3%	146,893	1.3%



FRISCO

Table 4

CITY OF FRISCO
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Tax Rate Per \$100 Assessed Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Ratio of Assessed to Estimated Actual Value</u>
1992	\$ 0.450	\$ 362,506,200	\$ 362,506,200	100%
1993	0.437	387,454,100	387,454,100	100%
1994	0.437	471,451,857	471,451,857	100%
1995	0.398	613,226,985	613,226,985	100%
1996	0.443	748,465,765	748,465,765	100%
1997	0.419	939,492,671	939,492,671	100%
1998	0.412	1,189,755,303	1,189,755,303	100%
1999	0.373	1,512,394,401	1,512,394,401	100%
2000	0.373	2,137,592,244	2,137,592,244	100%
2001	0.370	3,055,106,192	3,055,106,192	100%

CITY OF FRISCO
Property Values
Last Ten Fiscal Years
(Amounts Expressed in Thousands)
(Unaudited)

<u>Fiscal Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Agricultural</u>	<u>Other</u>	<u>Total</u>
1992	\$ 220,740	\$ 69,709	\$ 351,825	\$ 12,421	\$ 654,695
1993	264,373	69,363	233,162	14,326	581,224
1994	338,058	78,058	203,722	15,153	634,991
1995	466,746	36,024	234,719	63,999	801,488
1996	556,154	98,375	210,889	108,262	973,680
1997	678,922	212,543	260,070	62,143	1,213,678
1998	870,458	266,683	292,764	71,448	1,501,353
1999	1,100,060	351,016	453,742	88,425	1,993,243
2000	1,425,545	651,121	720,582	123,057	2,920,305
2001	2,254,685	544,630	1,176,655	60,919	4,036,889

Table 5

<u>Less:</u> <u>Exemptions</u>	<u>Net</u> <u>Taxable</u>
\$ 292,189	\$ 362,506
193,770	387,454
163,539	471,452
188,261	613,227
225,214	748,466
274,185	939,493
319,655	1,181,698
490,470	1,502,773
782,713	2,137,592
981,783	3,055,106

CITY OF FRISCO
Property Tax Rates
Direct and Overlapping Governments
(Per \$100 of Assessed Value)
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	<u>City of Frisco</u>			<u>Collin County, Texas</u>		
	Operating Millage	Debt Service Millage	Total	Operating Millage	Debt Service Millage	Total
1992	\$ 0.3300	\$ 0.1200	\$ 0.4500	\$ 0.1911	\$ 0.0689	\$ 0.2600
1993	0.3400	0.0970	0.4370	0.1762	0.0838	0.2600
1994	0.3400	0.0970	0.4370	0.1808	0.0792	0.2600
1995	0.3270	0.0710	0.3980	0.1872	0.0728	0.2600
1996	0.3330	0.1100	0.4430	0.1872	0.0728	0.2600
1997	0.3232	0.0963	0.4195	0.1857	0.0743	0.2600
1998	0.3007	0.1113	0.4120	0.1921	0.0679	0.2600
1999	0.2874	0.0853	0.3727	0.1961	0.0539	0.2500
2000	0.2680	0.1047	0.3727	0.1961	0.0539	0.2500
2001	0.2851	0.0849	0.3700	0.1961	0.0539	0.2500

Table 6

<u>Frisco Independent School District</u>				<u>Collin County Community College</u>			
<u>Operating</u>	<u>Debt</u>			<u>Operating</u>	<u>Debt</u>		
<u>Millage</u>	<u>Service</u>	<u>C.E.D.</u>	<u>Total</u>	<u>Millage</u>	<u>Service</u>	<u>Total</u>	<u>Totals</u>
	<u>Millage</u>				<u>Millage</u>		
\$ 0.2143	\$ 0.3735	\$ 0.7922	\$ 1.3800	\$ -	\$ -	\$ -	\$ 2.0900
0.3065	0.3639	0.8996	1.5700	-	-	-	2.2670
1.0403	0.3274		1.3677	-	-	-	2.0647
1.0584	0.3093		1.3677	0.0674	0.0311	0.0985	2.1242
1.1239	0.2760		1.3999	0.0674	0.0311	0.0985	2.2014
1.1412	0.4502		1.5914	0.0713	0.0273	0.0986	2.3695
1.1427	0.3859		1.5286	0.0744	0.0242	0.0986	2.2992
1.1387	0.3749		1.5136	0.0788	0.0198	0.0986	2.2349
1.0800	0.3600		1.4400	0.0800	0.0167	0.0967	2.1594
1.0800	0.3400		1.4200	0.0800	0.0140	0.0940	2.1340

Table 7

CITY OF FRISCO

Principal Taxpayers

September 30, 2001

(Unaudited)

<u>Taxpayer</u>	<u>Type of Business</u>	2001 Assessed <u>Valuation</u>	Percentage of Total Assessed <u>Valuation</u>
Stonebriar Mall Ltd Partnership	Commercial/Retail	\$ 88,299,008	2.89%
Briar Preston Ridge Partnership	Commercial/Retail	43,433,382	1.42%
Texas Utilities Electric, Co.	Utility	23,748,856	0.78%
Conine - St. Charles Ltd.	Residential	22,327,918	0.73%
Spanos Corporation	Commerical	20,895,006	0.68%
Fairfield Plantation LTD Partnership	Residential	20,815,335	0.68%
Sedona Springs I LTD	Residential	19,380,123	0.63%
Vintage Legacy Lakes National	Residential	18,811,787	0.62%
Blue Star Land LP	Residential	18,230,509	0.60%
RJW Interests LP	Residential	<u>17,737,607</u>	<u>0.58%</u>
	Total	<u>\$ 293,679,531</u>	<u>9.61%</u>

CITY OF FRISCO
Computation of Legal Debt Margin
September 30, 2001
(Unaudited)

The City Charter of the City of Frisco, Texas does not provide for a debt limit. Under provisions of state law, the maximum tax rate is limited to \$2.50 per \$100 assessed valuation.

The tax rate for fiscal year 2001 was established at \$0.37 per \$100 of assessed valuation based on 100% of appraised value.

CITY OF FRISCO
Ratio of Net General Obligation Bonded Debt
To Assessed Value and Net General Obligation Bonded Debt Per Capita
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Population</u>	<u>Assessed Value</u>	(1) <u>General Obligation Bonded Debt</u>
1992	7,250	\$ 362,506,200	\$ 5,105,000
1993	8,400	387,454,100	5,530,000
1994	11,000	471,451,857	7,630,000
1995	14,500	613,226,985	10,355,000
1996	17,750	748,465,765	9,162,500
1997	23,500	939,492,671	12,115,000
1998	25,000	1,189,755,303	11,165,600
1999	29,000	1,512,394,401	10,534,600
2000	32,650	2,137,592,244	32,672,800
2001	47,468	3,055,106,192	57,060,200

(1) Includes only bonded debt that is being repaid through property taxes.

Table 9

<u>Less Debt Service Funds</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt To Assessed Value</u>	<u>Net Bonded Debt per Capita</u>
\$ 39,448	\$ 5,065,552	1.40	\$ 658
52,811	5,477,189	1.41	626
56,798	7,573,202	1.61	541
22,512	10,332,488	1.68	688
90,198	9,072,302	1.21	490
170,451	11,944,549	1.27	508
208,413	10,957,187	0.92	438
118,982	10,415,618	2.20	1,146
258,619	32,414,181	1.52	993
158,329	56,901,871	1.86	1,199

CITY OF FRISCO
Ratio of Annual Debt Service Expenditures for General Obligation Bonded
Debt To Total General Governmental Expenditures
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures</u>	<u>Ratio of Debt Service to Total General Governmental Expenditures</u>
1992	\$ 261,250	\$ 228,665	\$ 489,915	\$ 3,357,639	14.59%
1993	270,000	205,009	475,009	4,617,151	10.29%
1994	245,000	214,372	459,372	6,411,912	7.16%
1995	298,750	361,855	660,605	10,683,418	6.18%
1996	324,010	711,453	1,035,463	19,894,783	5.20%
1997	574,405	611,751	1,186,156	13,236,937	8.96%
1998	724,498	932,593	1,657,091	22,904,711	7.23%
1999	786,000	1,057,736	1,843,736	23,634,940	7.80%
2000	671,800	2,017,974	2,689,774	32,375,573	8.31%
2001	1,612,600	1,696,254	3,308,854	40,087,612	8.25%

CITY OF FRISCO
 Computation of Direct and Overlapping Bonded Debt
 General Obligation Bonds
September 30, 2001
 (Unaudited)

<u>Jursidiction</u>	General Obligation Bonded Debt <u>Outstanding</u>	Percentage Applicable <u>to Government</u>	Amount Applicable <u>to Government</u>
Direct debt:			
City of Frisco, Texas	\$ <u>57,060,200</u>	100.00%	\$ <u>57,060,200</u>
Total direct debt	<u>57,060,200</u>		<u>57,060,200</u>
Overlapping debt: (1)			
Frisco Independent School District	260,814,394	53.52%	139,587,864
Collin County, Texas	182,101,414	4.53%	8,249,194
Collin County College District	16,099,988	4.53%	729,329
Denton County, Texas	<u>139,412,570</u>	<u>0.19%</u>	<u>264,884</u>
Total overlapping debt	<u>598,428,366</u>		<u>148,831,271</u>
Total direct and overlapping debt	<u>\$ 655,488,566</u>		<u>\$ 205,891,471</u>

(1) Information obtained from the Municipal Advisory Council of Texas.

Table 12

CITY OF FRISCO
Revenue Bond Coverage
Enterprise Funds
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Gross Revenues</u>	<u>Operating Expenses</u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements</u>			
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage</u>
1992	\$ 2,093,983	\$ 1,502,300	\$ 591,683	\$ 9,000	\$ 3,560	\$ 12,560	47.11%
1993	2,459,089	1,767,662	691,427	10,000	3,389	13,389	51.64%
1994	3,378,441	2,989,673	388,768	10,000	2,875	12,875	30.20%
1995	4,557,036	3,706,493	850,543	12,450	2,450	14,900	57.08%
1996	5,743,830	4,353,027	1,390,803	50,000	577,588	627,588	2.22%
1997	6,303,484	5,233,789	1,069,695	441,200	421,305	862,505	1.24%
1998	8,724,545	6,081,832	2,642,713	492,800	472,972	965,772	2.74%
1999	10,741,537	7,787,084	2,954,453	489,000	439,220	928,220	3.18%
2000	14,556,888	10,969,934	3,586,954	478,200	406,789	884,989	4.05%
2001	18,296,578	13,458,903	4,837,675	477,400	932,725	1,410,125	3.43%

Table 13

CITY OF FRISCO
Demographic Statistics
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>(1) Per Capita Income</u>	<u>(1) Median Age</u>	<u>(2) School Enrollment</u>	<u>Unemployment Rate</u>
1992	7,250	\$ -		1,634	
1993	8,400	26,292		1,849	
1994	11,000	-		2,074	
1995	14,500	-		2,567	
1996	17,750	29,078		3,034	
1997	23,500		38.5	3,656	
1998	25,000	23,716	38.0	4,422	2.3%
1999	29,000	23,281	37.5	5,655	1.9%
2000	32,650	23,899	37.0	7,214	1.6%
2001	47,468	25,986	30.9	8,913	5.9%

Data Sources

(1) City of Frisco

(2) Frisco Independent School District

Table 14

CITY OF FRISCO
 Miscellaneous Statistics
September 30, 2001
 (Unaudited)

Date of Incorporation	March 3, 1908
Form of Government	Council/Manager
Number of employees :	
Full Time	312
Part Time	12
Area in square miles	69.1
Name of government facilities and services:	
Culture and recreation:	
Recreation center	1
Community centers	1
Parks:	
Developed	22
Undeveloped	16
Park acreage:	
Developed	755.4
Undeveloped	150
Swimming pools	2
Tennis courts	4
Soccer fields	15
Baseball fields	14
Fire protection:	
Number of stations	3
Number of fire personnel and officers	55
Police protection:	
Number of stations	1
Number of police personnel and officers	68
Number of patrol units	30
Number of law violations:	
Physical arrests	1,055
Traffic violations	6,290
Parking violations	524
Water and sewage system:	
Number of utility customers	17,525
Number of sewer treatment plants	1
Facilities and services not included in the primary government:	
Cable Television System:	
Number of satellite receiving stations	2
Education:	
Number of elementary schools	9
Number of secondary schools	3
Number of school instructors	649